

paschini  
resistance  
nieck  
ruan  
Talsh  
telephone ...  
thorne  
tickets (1)  
Manage folders  
Add an e-mail  
account  
Today  
Mail  
Contacts  
Calendar

## Brighter Days for Online Betting?

### Signs that the U.S. may reconsider its 2006 online gambling ban offer European operators hope for reentry into the lucrative U.S. market

by Jennifer L. Schenker

Five European public online gambling companies, which together took in some \$1.4 billion from U.S. customers in 2005 alone, watched their share prices tank and profits collapse when a bill banning Internet gambling payments was signed into law last October by President George W. Bush (see BusinessWeek.com, 10/02/06, "Party's Over for Online Gambling").

The carnage was perhaps even worse than predicted. One company, London-based BetOnSports.com, saw its shares suspended after Chief Executive Officer David Carruthers was arrested and recently pleaded guilty to federal racketeering charges in the U.S. Another, Empire Online, based in Tortola (British Virgin Islands), gave up its online gambling activities entirely and became an investment company (see BusinessWeek.com, 8/21/06, "Online Gambling Hedges Its U.S. Bets").

Others, including Sportingbet.com, 888 Holdings, and PartyGaming, which bought Empire Online's poker customers, have weathered the fallout by shifting their focus to Western European gamblers. But their share prices haven't come close to recovering: Most are now trading at around a quarter of their peaks in the summer of 2006, though they've risen some in recent months.

#### U.S. Rethinking Ban

An odd coalition of antigambling conservatives, Las Vegas interests, and law enforcement were behind the passing of the 2006 ban, but now that the bill's impact is registering—little decrease in overall gambling levels, and a shift away from aboveboard operations to more shadowy outfits—some analysts believe the U.S. may reverse its stance. That could open the door for European operators to reenter the lucrative U.S. market.

The possibility of legal and legislative relief in the U.S. could help the kings of online gambling get a second shot at being hot-growth stocks. In March, Sportingbet struck a deal with the state of Louisiana to drop charges of "gambling by computer" that had been filed against its former chairman, Peter Dicks.

And both 888 Holdings and PartyGaming publicly acknowledged this week that they are negotiating with the U.S. Attorney's Office for the Southern District of New York to obtain amnesty for having offered online gaming inside the U.S. prior to October, 2006, when the ban went into effect. (Neither company returned calls from *BusinessWeek* on June 5.)

Perhaps most important, the House Financial Services Committee is expected to hold a hearing June 8 to consider a bill that would again make it legal for banks and credit-card companies to process payments for online gambling sites, potentially allowing Europe's online gambling companies to do business again in the U.S. market.

### Reform Is Inevitable

Though it's far too early to pop the champagne—few Washington observers think the bill has a chance of passing right away—analysts in Europe say a change in the current situation is inevitable. Why? In part because even though the U.S. ban forced publicly traded companies like PartyGaming and 888 Holdings to pull out of the U.S., the void was quickly filled by private outfits offering unregulated online gaming services to U.S. customers.

Consider PokerStars, one of more than 350 sites that are licensed by the Kahnawake Gaming Commission, run by a Mohawk Indian tribe outside Montreal. While most forms of sports betting are forbidden in the U.S., games such as poker fall into a gray area.

PokerStars advises its customers in an online statement that it has "received extensive expert advice from within and outside the U.S." concluding that U.S. law "does not in any way prohibit you from playing online poker. Therefore our business continues as before—open to players worldwide, including the U.S."

With lots of offshore gambling services continuing to target U.S. customers, the total spent by U.S. citizens gambling online has decreased by only 20% since the ban went into effect, says Professor Leighton Vaughan Williams, director of the Betting Research Unit at Britain's Nottingham Business School. "As we have learned from previous cases of prohibition, the Internet ban doesn't actually prevent gambling," he says. "All it does is transfer the gambling spending to a nonregulated environment," (see BusinessWeek.com, 10/19/06, "Online Gambling Goes Underground").

### "Puritanism and Protectionism"

Vaughan Williams calls the 2006 U.S. ban an ill-conceived mixture of "puritanism and protectionism." The legislation, he says, never would have passed had it not been tacked onto an antiterrorist bill. "You could not be for online gambling without being pro-Al-Qaeda, which is not something you want to do just before the congressional elections," he quips. Vaughan Williams believes U.S. legislators eventually will pass a bill requiring online gambling sites to be licensed and pay taxes in the U.S.

Ed Barton, a games and gambling analyst at London-based research company Screen Digest, agrees that the U.S. will likely allow a regulated form of online gambling.

The European online gambling companies clearly could use the help. While there is still some growth to be found in Western Europe, uneven legislation has made it difficult to expand services uniformly. By contrast, the U.S., with its high broadband penetration, large number of credit-card users, and relatively homogenous market of people with similar gambling habits, remains the biggest prize.

### Giving the U.S. a Slice

European outfits such as PartyGaming and 888 Holdings got significant U.S. experience before the ban went into effect. If allowed back in by U.S. authorities, they would attempt to reconnect with their hundreds of thousands of previous customers, says Screen Digest's Barton. But, he warns, the playing field is likely to be vastly different than it was before the ban went into effect.

For one thing, under new legislative scenarios, European companies probably would have to set up operations in the U.S. and agree to pay U.S. taxes. They also would likely face stiff competition from new competitors in Las Vegas, which could be allowed to launch brand-name online gambling services for the first time, Barton says.

What's more, if permitted to under new legislation, the various state lotteries in the U.S. might follow the example of Britain's national lottery and branch out into areas such as online scratch cards. That could provide even more competition for the Europeans.

Still, there is a lot of growth potential for a post-prohibition U.S. market. Given the chance to come back, Europe's beleaguered online betting sites will readily take the gamble.

Jennifer L. Schenker is a correspondent for BusinessWeek.com in the Paris bureau.

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback



[Poker School Online](#) » [Fleet Street Games](#) » [BugsysClub](#) »

[Poker Podcasts](#) » [Poker Forum](#) » [Poker Videos](#) » [Poker Blogs](#) » [Poker Gallery](#) »

[Search PokerPag](#) >>

[Home](#) [Poker Tournaments](#) [Cardroom](#) [Directory](#) [Poker Articles](#) [Poker Players](#) [Poker Information](#) [Poker League](#) [Poker News](#) [Poker Tournament Information](#) »

[Daily](#) | [New](#) | [Last Month](#) | [This Month](#) | [Next Month](#) | [WSOP](#) | [WSOPE](#) | [WPT](#) | [EPT](#) | [APPT](#) | [LAPT](#)

[Resources](#) »

[PokerPages](#) » [Poker News](#) » [Poker News](#)

**Basic Info**

[Poker News](#) - [Poker News](#)

[Poker Rules](#)  
[Ranking of Hands](#)  
[Poker Glossary](#)  
[History of Poker](#)  
[Hall of Fame](#)  
[World Series](#)  
[Tex's TEARS](#)  
[TDA Rules](#)  
[Home Poker](#)

**Tournament Gallery**

[World Series](#)  
[World Poker Tour](#)  
[World Poker Open](#)

**Research**

[Videos and Audios](#)  
[Casino Profiles](#)  
[Poker Chips](#)

## EU Seeks Compensation for U.S. Ban on Online Poker & Online Gambling

by [PokerPages.com](#)  
Wed, Jun 20th, 2007 @ 12:00am

Search News:

News Categories:  
[Current Affairs \(64\)](#)  
[Poker News \(1636\)](#)  
[Poker Articles \(903\)](#)

The European Union (EU) notified the United States on Tuesday that it wants compensation for the US protectionist ban on foreign online gambling (including online poker) sites that goes against trade agreements that World Trade Organization (WTO) members including the USA signed, and according to several WTO rulings. The filing comes just under the June 22 deadline.

Major EU-based companies such as PartyGaming (owner of Party Poker), 888 Holdings (owner of Pacific Poker) Sportingbet PLC (owner of Paradise Poker), and Leisure & Gaming PLC (owner of Betshop Poker) had to exit the lucrative U.S. market last October when Washington passed the Unlawful Internet Gambling Enforcement Act (UIGEA) that made it illegal for financial institutions such as banks and credit card companies to process payments from US residents to online gambling businesses.

Without half or more of the online players from the USA, such companies lost half of an estimated market worth USD \$15.5 billion (11.6 billion Euros, 7.78 billion GBP) last year.

But an EU official said the concessions Europe was looking for would likely be "commitments" to open up other trade sectors, according to Associated Press reports from Geneva.

"We need new concessions that would be equal with the benefits lost," the official shared with AP, speaking on condition of anonymity because he is not authorized to be quoted by name in media reports.

Initial negotiations would focus on measuring the loss to European businesses, he said, warning that talks would take some time.

Following a dispute lodged with the WTO by Antigua and Barbuda in 2003, the WTO delivered several rulings against the United States for discriminatory practices regarding foreign online gambling, the latest of which was March 2007 ([click here](#) for related article).

The tiny twin-island nation of Antigua and Barbuda won their WTO case against the U.S. after arguing that online gambling provided income for hundreds of its citizens and helped diversify their economy away from tourism, which was hurt by a series of hurricanes in the late 1990s.

The WTO has maintained that the U.S. could keep restrictions against online gambling if they were also applied equally to US-based businesses, especially objecting to UIGEA carve outs for U.S. businesses such as horse racing, state lotteries and fantasy sports.

After losing the case, the U.S. announced that it would take the unprecedented legal step of



PokerPages Newsletter  
enter email >>

Online Poker »

**PokerTime**

Get up to \$25 free  
PLUS  
100% match bonus up to \$100

**RAKE & BRAIN**

The easy way to earn money from online poker!

**FleetStreet Games.com**

\$50,000 Freeroll  
Free to play!

**bodog**

110% Poker Bonus from Bodog!

**FULL TILT POKER.COM**

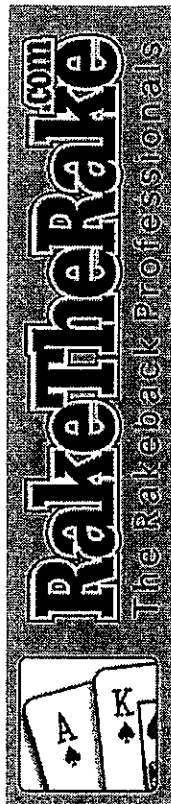
100% Sign up bonus up to \$600 at Full Tilt Poker

**Party Poker**

100% Deposit Bonus Up to \$500

**PokerStars.com**

Double up your 1st \$50 deposit And play in the Sunday Million!



changing the international commitments it made as part of the 1994 WTO's General Agreement on Trade in Services (GATS) amongst the 150 members of the WTO. As a result, the U.S. declined to challenge the WTO ruling, because it says that its legal maneuver effectively ends the case ([click here](#) for related article).

Under the GATS, if a country withdraws its commitments other nations can seek compensation for any services trade opportunities that they could prove they lost through the change.

So the EU, the world's largest consumer market, now joins Antigua and Barbuda in seeking compensation from the United States.

Meantime, several efforts are underway to exempt skill games like poker, and to regulate and tax online gambling in the United States:

In April 2007, Rep. Barney Frank (D-MA), chairman of the House Financial Services Committee, introduced HR 2046, the Internet Gambling Regulation and Enforcement Act of 2007 (IGREA) that seeks to establish a federal regulatory and enforcement framework to license companies to accept bets and wagers online from U.S. residents, to the extent permitted by states, Indian tribes and sports leagues ([click here](#) for related article).

Then early June 2007, Rep. Jim McDermott (D-Wash.) introduced the Internet Gambling Regulation and Taxation Enforcement Act (IGRTEA) which acts as a companion bill for Frank's HR 2046 bill. ([click here](#) to read related article). HR 2046 seeks to establish a licensing and enforcement framework for regulated Internet gambling in the USA, while McDermott's bill is meant to serve as the taxing mechanism.

Just hours before McDermott announced his bill, Congressman Robert Wexler (D-Florida) had introduced The Skill Game Protection Act to make 'skill' games, including poker, mah-jongg, bridge, and chess, exempt from current laws aimed to stop online gambling in the USA, including the UIGEA ([click here](#) for related article).

Also during April, Rep. Shelley Berkley (D-Nev.) introduced a bill calling for a year-long study to learn whether technologies exist to tax and regulate online gambling in the United States ([click here](#) for related article).

Despite all these efforts, Frank himself says the only way any of these bills have a chance to pass is with a groundswell of voter support.

As World Series of Poker Champion Greg Raymer astutely noted at a rally held at the 2006 WSOP, "You have to convince these Congressmen not just that you are right; you have to convince them that it is in their self-interest to be on our side. The only way that we can convince them of that is to show them how we are going to vote and how we are going to influence other voters."

#### HOW TO FIND YOUR CONGRESSIONAL REPRESENTATIVE

The Poker Players Alliance website offers a contact list and letter template for writing your congressperson (by zipcode) making it quick and easy to do ([click here](#) for it).

Alternately [click here](#) for a complete contact list and informative profile of all the current Senators and members of the U.S. House of Representatives.

If you do not know who represents your district, enter your state and zip code to the left of the map and you'll be shown the corresponding list for your location. Or you can click on your state on the map to see a complete list (good only if you know your district number).

#### Read Related Articles:

- [Bill to Tax Online Poker & Online Gambling Announced by Jim McDermott](#)
- [Bill to Exempt Online Poker & Skill Games from UIGEA Introduced by Robert Wexler](#)
- [Bill to Legalize Online Poker & Online Gambling Introduced by Barney Frank](#)
- [New Web Gambling Study Could Lead to Legal Online Poker in USA Again](#)
- [Antigua Asks WTO Members to File Against US- no Poker Bluff Here](#)
- [USA Decision to Remove Online Poker Online Gambling Slights WTO](#)
- [USA loses WTO Appeal in Online Poker & Online Gambling Case](#)

[Discuss this article in our forum](#)

[Print this article](#)

**RakeTheRake**  
The Rakeback Professionals  
[Up to 60% Rakeback](#)  
[\\$200K+ in](#)  
[Races/Freerolls](#)

**PokerSchoolOnline**

[The easiest way to a](#)  
[\\$10K seat.](#)  
[PokerSchoolOnline!](#)

Poker News »  
Blog Coverage  
 [Kenna James](#)

Fri, Aug 15,  
2008 - 02:15pm CDT  
[Handling the Down](#)  
[Swings of Poker](#)

Top News  
[Boss Media Replies to](#)  
[Server Seizure Won...](#)  
[European Poker Tour](#)  
[to Award the Best of...](#)  
[Houston Man Turns](#)  
[Poker Win Into 21...](#)  
Top Tournaments  
[39th World Series of](#)  
[Poker 2008](#)  
[Legends of Poker /](#)  
[WPT Event Season 7](#)  
[California State Poker](#)  
[Championships](#)

Windows Live™ Home Mail Search OneCare MSN

mpancer@hotmail.com

Sign out

Inbox (3)

Junk

Drafts

Sent

Deleted (69)

abrego

badewitz

billock

carson (2)

Chaplin

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

kelth kelly

krapchan

moscow

orders (1)

Pacific La...

paschini

resistance

riek

ruan

Talsh

telephone ...

thorne

tickets (1)

Manage folders

Add an e-mail  
account

Today

Mail

Contacts

Calendar

Forward

Delete

Junk

Move to

Options

## Washington State Citizens May Be Able to Gamble Online Again

A controversial law enacted last year that makes online gambling a Class C felony in Washington State is now being challenged in a court of law by a Renton attorney.

Lee Rouso filed suit against the State of Washington on Friday, alleging that SB 6613, the bill signed into law last year, is unconstitutional.

Calling it a direct violation of the U.S. Constitution's commerce clause, Rouso said the first legal challenge to the state law also should be the last.

"I think my chances are darn good," he told the Seattle Post Intelligencer, which itself had concerns over featuring poker related articles that made mention of online poker domains (a la professional player Daniel Negreanu's popular column that would often feature a link to his own Internet ventures).

The ban, which took effect last spring, specifically prohibited the type of Internet-based card games such as Texas Hold 'Em that poker players in Washington -- Rouso among them -- have used to qualify for the annual multimillion-dollar tournament. Rouso said that Washington residents who qualified for the event likely did so through Internet-based tournaments even though it now is a felony to do so.

Susan Arland, spokeswoman for the Washington Gambling Commission, said commission lawyers have not seen the lawsuit and would comment only after they had read it. "We don't have anything to say just yet," she said.

Rouso said the state law is flawed. In his complaint in King County Superior Court, he argued that the state measure was passed not to put the state in compliance with the federal wire act -- something it does not do anyway, he said -- but instead to protect the in-state gambling industry, including card rooms and casinos.

This, he said, puts Washington in clear conflict with the Constitution's commerce clause, which forbids individual states from passing protectionist laws against other states' business.

Individuals sentenced for playing online poker in the state of Washington faced prison time usually reserved for child molesters and repeat drug peddlers.

Christopher Costigan, Gambling911.com

Originally published July 9, 2007 10:26 am ET

\*\*\*\*\*  
See what's free at <http://www.aol.com>.

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live™ Home Hotmail Spaces OneCare MSN

mpancer@hotmail.com

Sign out

Inbox (3)

Junk

Drafts

Sent

Deleted (69)

abrego

badewitz

billock

carson (2)

Chaplin

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

kelth kelly

krapchan

moscow

orders (1)

Pacific La...

paschini

resistance

riek

ruan

Talsh

telephone ...

thorne

tickets (1)

Manage folders

Add an e-mail  
account

Today

Mail

Contacts

Calendar

Forward

Delete

Junk

Move to

Options

mor

From:

Sent:

To:

**The 270 UIGEA Deadline Ends Today: Now What?**

Today, July 10th the deadline for the Treasury Department to release regulations for the implementation of the UIGEA is officially past due.

The regulations which would force banks to comply with the UIGEA to stop gambling transactions online have been extended after 9 months of waiting.

Steve Laughton told CompatiblePoker.com that the regulations are not yet ready to be published. Today happens to be the end of the 270 day allotted time period. Instead they expect to see regulations issued sometime later this month. Steve Laughton was the email contact listed at the Reginfo.gov for the UIGEA updates.

There is still uncertainty in the air about future regulation dates. In two separate emails sent to Laughton, one stated they would "hopefully" have regulations in place this month. The second email replied that they would have regulations in place "soon" this month. Both emails were received within an hour apart of each other yet imply different regulation release dates.

No further specific updates were given on possible timeframes or strength of the regulations from Laughton.

In previous weeks things have looked positive for online gambling in the US including Seattle based lawyer suing the State over the UIGEA, almost 600,000 US citizens joining the PokerPlayersAlliance and IMEGA seeking and injunction against the UIGEA.

As Gambling911 reported earlier, the impact of the UIGEA in this years World Series of Poker has been major with a large decline in registrants for the Main Event which began earlier this week.

For now poker and casino gambling continues online in the United States. Players are getting accustomed to sitting on their hands and continue to wait and see if their freedoms are taken away.

News Source: Roger Shriver

US Poker updates: CompatiblePoker.com: July 11, 2007 1:19 am ET

\*\*\*\*\*  
Get a sneak peak of the all-new AOL at <http://discover.aol.com/memed/aolcom30tour>

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback



Windows Live™ Home **Hotmail** Spaces OneCare MSN mpancer@hotmail.com Sign out

---

**Inbox (3)** New Reply Reply all Forward Delete Junk Move to Options

**Junk**

**Drafts** Still looking for the California company

**Sent**

**Deleted (69)**

abrego

badewitz

billock

**carson (2)**

Chapin

**Cheema (2)**

Colton

goldman

**harvey (1)**

hunsaker

**jellinsky (1)**

kelth kelly

krapchan

moscow

**orders (1)**

Pacific La...

paschini

resistance

riek

ruan

Talsh

telephone ...

thorne

**tickets (1)**

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

Highlighted here are the peculiar financial aspects and high risk of involvement with online wagering for those who choose to flaunting the U.S. gaming laws. Those living in the U.S., especially if working or dealing with online gambling, risk prosecution much more than a casual U.S. gamer. Since Internet betting is illegal in America, anyone breaking the law could be targeted by the U.S. Federal authorities. For instance, a large gambling ring was discovered operating in U.S. and has been prosecuted on RICO charges for misusing payment schemes.

A grand jury in Salt Lake City, UT handed down indictments in early May 2007, based upon the Racketeer Influenced and Corrupt Organizations Act (RICO) and alleging "conspiracy, bank fraud, violations of the wire-wager act, and money laundering" of those involved in online gambling. Seven persons were charged with "unlawful use of credit cards to handle payments for online casinos, a felony that involved transfer of \$150 million from U.S. bettors," all felonies. This case highlights the peculiar financial aspects and high risk of involvement with online wagering for those living in the U.S., especially if working or dealing with online casinos, since 'Net betting is illegal in America. This article details the legal and illegal use of payment types for Internet stakes, especially as regards credit cards.

Why were these People Prosecuted, What did they do?

Essentially, these people ran afoul of America's ban on Internet gambling. According to the U.S. Department of Justice, they were involved with helping gambling sites process \$150 million in payments from U.S. players. The charges were leveled in a 34-count indictment, accusing the defendants of running a service that helped Internet gambling sites camouflage credit card charges, and tricking credit card issuers who do not authorize such charges. The instrument alleges defendants' company aided Internet gambling sites to arrange fund transfers between U.S. bettors and online gaming sites by use of Western Union wire transfers. The companies charged are CurrenC, aka CurrenC WorldWide, located in the British Virgin Islands; Gateway Technologies, located in Draper, Utah; Hill Financial Services, also based in Draper, Utah, and Las Vegas; and BetUS, deriving from Kanawahke, Canada.

Brett Tolman, U.S. attorney for the District of Utah, said in a statement that persons facilitating Internet gambling in the U.S. break "numerous" federal and state laws; adding, "Payment processors who attempt to hide the true nature of the transactions they are conducting and the Internet gambling Web sites that use these payment processors will be prosecuted and brought to justice." The government invoked against the defendants the Racketeer Influenced and Corrupt Organizations Act (RICO) for the crimes of "conspiracy, bank fraud, violations of the wire-wager act, and money laundering." As a result, the Federal authorities seek forfeiture of \$150 million, claimed gained from illegal betting, in addition to real estate and vehicles. Creating a Web site named the Gateway, which was an "automated collector and processor of illegal Internet gambling funding transactions," the defendants used the Gateway to purposefully misstate transactions to MasterCard and Visa, stating the transactions were for something non-gambling related. After getting the miss-labeled payments, they wired customer funds through Western Union to parties in the Philippines, who were also part of the scheme. Maximum penalties for such charges are thirty years for bank fraud; twenty years for racketeering conspiracy; twenty years for money laundering; and two years for transmission of wagers/wagering information.

What is the Law of the U.S. Regarding Online Gambling?

America does allow some types of online gambling (like horse racing), a fact that helped the U.S. lose when it was brought by the Caribbean island of Antigua and Barbuda before the World Trade Organization (WTO). But as it stands, most types of online gambling are now illegal in the U.S. due to several key events. First was the National Gambling Impact Study Commission, which in 1996 was created by Congress to "examine the social and economic impacts of gambling" and advise Congress of its findings. The results, released to the public, were that the States should not make gambling any more legal than it already was. Further they suggested that credit cards be illegal for use in online wagering. So the 1964 U.S. Wire Act was updated to include online gambling payments. Then, other laws were enacted banning some types of gambling - like the Illegal Gambling Business Act (1970), and the Travel Act (1961). Lastly, a series of other new laws were passed, including the Unlawful Internet Gambling Enforcement Act of 2006.

In the WTO case, the charges were that the U.S. was hampering in Antiguan and Barbuda's business by blocking Americans from playing. The U.S. had initially lost the case in 2003, and again on appeal in early 2007, in large part because while U.S. argued that gambling would damage America more than help it, all things considered, it was already allowing online gambling in the of horse racing and other similar games. So the court found that the U.S. had different standards for those outside the country than American merchants, and this duplicity helped the court favor Antigua and Barbuda. This all may be moot now that

Barney Fran (Dem. MA) has drafted legislation that would legalize online gambling in the U.S., and there is every reason to believe the measure will pass, at least in some form, the Internet Gambling Regulation and Enforcement Act of 2007 (IGREA).

#### Why Don't Credit Cards Allow Online Gambling Charges?

The answer to this question has several parts. First, the practice of online gambling is illegal in the U.S., the largest economy in the world. So it is simple common sense that these cards would block such transactions, in the interest of not being prosecuted as aiding illegal activity. But there are other reasons the major credit cards do not want involvement in this business. This is a completely unregulated industry in many places in the world, and great sums of money are involved. There are many shady characters associated with some of the online casinos and so this alone makes Visa and Mastercard nervous.

For instance, what happens when a consumer refuses to pay credit card charges claiming he never gambled online or claiming he was cheated? How would the credit card companies adjudicate these disputes in a scenario involving a small, lawless country with no regulations? In fact, this is exactly what happened before the card companies cut off funding in California, where a woman was charged \$80,000 for gambling debts she claimed she did not owe. When the credit card company sued the woman, the court ruled for her, saying she did not have to pay the charges. Then, there is also the issue of money laundering, and how terrorists or mafia types could so easily misuse a type of business where large sums change hand in foreign clime and are repatriated elsewhere, all by wire.

#### How do Credit Card Companies Block Charges?


In the first place, let's examine the difference between full credit card companies like Discover or American Express, versus Visa or Mastercard. American Express is a complete service, with much tighter control, because they license their product directly, and can directly dictate the cards not be used for "Net gambling. On the alternative, Visa and Mastercard license their credit cards associations and member financial institutions, and have much less control over their use, with 500 million of their cards in use worldwide. Therefore, Visa and Mastercard have had to find less direct methods to reign in use by Internet wagering concerns. In doing this, they have not issued declarations that their merchant members may not allow online betting payments. Instead, as noted by the United States General Accounting Office, "The major participants in the credit card industry have tried to restrict the use of their cards for Internet gambling by prohibiting cardholders from using the cards to gamble online and developing transaction codes that banks can use to block payments at their discretion. Many large U.S. credit card issuers also use codes to deny authorization for Internet gambling transactions, and U.S.-based banks do not accept gambling Web sites as merchants." This approach of using code identifiers to indicate and bar online gaming has not worked well.



The reason this code-block has not worked well is because of a technique called "factoring," used by the law breakers. According to the USGAO, "Two issuers noted that Internet merchants are able to circumvent the coding system by engaging in factoring. According to the issuers, factoring occurs when a merchant, possibly one engaged in Internet gambling, submits credit card transactions through another merchant's terminal using that merchant's identification number and merchant category code, and pays that merchant a percentage of the submitted transactions. Officials from both associations agreed that factoring as described by the issuers can be used to circumvent the coding system and violates the associations' rules. They also noted that this type of factoring is distinguishable from legitimate factoring. An issuer told us that in one case a merchant circumvented the coding system by setting up a bogus site and processing numerous transactions using a telephone and rogue terminal. The issuer believed this situation could have been avoided if the acquirer had exercised adequate due diligence on the merchant." In other words, much work must be done before Internet gambling illegal payments are reigned in.

#### What is a Legal Way to Pay Internet Casinos?

For those able to gamble, there are a number of options for buy Internet casino chips to gamble and then cashing them out, legally. According to James Duchscherer, VP Marketing of Poker.com, "The secret is to provide a private digital cash system that is easy to use, secure, and fast," whose company ranks tops in an industry survey of best alternative methods of internet gaming payment systems. The methods of payment include companies like Equifax, PayPal and NETeller, for electronic payment, while other options such as bank wire transfers and Western Union are also employed, and even traditional check writing, despite being much slower, is still used.

Another very popular method of online wagering payments has become debit cards. Richard Brightling, Vice President at IQ-Ludorum, agrees that debit card use is soaring, saying "Debit cards are the way to go. Banks in Europe are starting realize the potential for this market and they are starting to look at it much more seriously." Also, a new company called "Digency," is an e-commerce solution that has a product called "IP-Check." According to a company spokesman, it is "a secure payment platform which allows consumers to pay by online check from their local bank account. Paper checks print within our bank and are cleared through traditional check processing, while our check guarantee program insures every item." Most importantly, the development of the new payment system integrates the alternative big three of Equifax, PayPal and NETeller, and allows the added guarantee to our Licensees in a verification of the identity of the player, helping eliminate fraud. The main fact to note is that online gambling is a tenacious business, very creative and capable of adapting to changing circumstances and laws. But then again, in an industry grossing \$20 billion a year, and growing at a fantastic pace, no one should count the Internet casino operators out too easily.

Windows Live™ Home **Hotmail** Spaces OneCare MSN  mpancer@hotmail.com Sign out

**Inbox (3)** New Reply Reply all Forward Delete Junk Move to  Options 

Junk

**Drafts** see below

Sent

**Deleted (69)**

abrego

badewitz

billock

carson (2)

Chaplin

**Cheema (2)**

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

keith kelly

krapchan

moscow

**orders (1)**

Pacific La...

paschini

resistance

riek

ruan

Taish

telephone ...

thorne

**tickets (1)**

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

## EcoCard Leaves US Market Following Neteller "Guilty" Pleas

A costly but increasingly popular method of depositing and withdrawing money from online gambling websites, EcoCard, has decided to leave the US market in what can be seen as yet another blow to that pivotal but unstable sector.

The move has been confirmed by David Brickman of the online gaming group Jackpot Factory who said: "I'd like to clarify the EcoCard issue. EcoCard has informed us - and I'm sure other casinos as well - that they will be pulling out of the US gaming market and replacing their EcoCard payment option with a new option. They will transfer their existing US customers over. Only players who have accumulated \$500 or more in (gaming) transactions will be invited to move to the new payment method."

The move follows pleas entered into by two former Neteller founders. Neteller was once the most popular money processing solution for online gambling websites. Its two founders have plead to "conspiracy" charges, claiming that they knew online gambling in the US was "illegal".

Neteller's Director and Executive Chairman Gord Herman has resigned from the online payment group amid continuing uncertainty over its future. Dale Johnson, non-executive Director, will assume the role of non-executive Chairman with immediate effect.

The firm also announced in a statement to the London Stock Exchange that the restoration of trading in its ordinary shares, which have been suspended on AIM, would 'depend on resolution of the US investigation within a short time frame and finalisation and publication of the audited annual accounts for 2006'.


An announcement regarding a solution to the problem is expected sometime next week, after reports have suggested that 'progress is being', though many in the online gambling community remain skeptical.


Neteller was supposed to have returned funds to US customers this past Friday. The company is holding millions of dollars of US clients funds.

---

Christopher Costigan, Gambling911.com

Originally published July 16, 2007 9:36 am ET

Windows Live™ Home **Hotmail** Spaces OneCare MSN  [mpancer@hotmail.com](mailto:mpancer@hotmail.com) Sign out

**Inbox (3)** New Reply Reply all Forward Delete Junk Move to Options 

Junk

Drafts article

Sent

Deleted (69)

abrego

badewitz

billock

carson (2)

Chapln

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

keith kelly

krapchan

moscow

orders (1)

Pacific La...

paschini

resistance

riek

ruan

Talsh

telephone ...

thorne

tickets (1)

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

Online Gambling: It's All Over Without iMEGA

For the lucrative online gambling industry, firmly committed operators are now admitting to Gambling911.com: "If iMega doesn't come through, we might as well just pack it in".

iMEGA is the trade organization that is currently challenging a controversial online gambling ban. The Unlawful Internet Gambling Enforcement Act - passed in October - requires banking institutions to monitor and prevent transactions for the purpose of online gambling activity in the United States.

While there is currently a move by several politicians to have the law repealed, that process could take months, assuming it happens at all. The UIGEA ordered banks to have in place an "across the board policy" demonstrating how such transactions would be monitored. The early July deadline has come and gone with little evidence of a policy change, though the banks insisted they needed more than the 270 days allotted to them.

iMEGA's goal is to get the court to declare the UIGEA unconstitutional and unenforceable. The group says the act violates the First Amendment's rights to freedom of speech and commercial association as well as the Tenth Amendment's protections of states' rights to regulate online gambling.

"We think the law infringes on the First Amendment and Tenth Amendment rights of our members," Edward Leyden, iMEGA's president, told Red Herring last month. "And we also believe the government has exceeded its authority in its WTO dispute with Antigua and that too has harmed our clients."

A Federal Judge in the state of New Jersey has assigned a hearing date of September 4 for its lawsuit.

"iMEGA is our (the online gambling industry) only hope right now and I get the sense that people don't really understand the urgency here," one operator, asking for anonymity, told Gambling911.com Tuesday morning. "We need this thing to work. Once the banks get involved it's all over."

Right now, while many of the top tier payment processors have stopped doing business with US-facing online gambling companies, the banking industry itself had not been required to abide by any ruling until after July 1. Sources close to Gambling911.com have revealed that the banks are quietly supportive of iMEGA though not financially. The organization is now aggressively seeking donations in order to pay for court fees. A few of the online gambling establishments have helped out but not all.

"The big online poker players need to get on board here," said one operator. "We realize that Alfonse D'Amato and the Poker Players Alliance are doing a commendable job but their efforts won't stop the banks in the short term and it is questionable whether they will be able to do so in the long term either."

The consequences of iMEGA losing in its effort? The big name online poker sites still catering to US players will be forced to shut down, at least to the US market. Poker Stars, Full Tilt Poker will not be able to take money in nor will they be able to make payouts.

The writing may already be on the wall.

Antigua's Gaming Director, Ron Maginley noted that the online gambling jurisdiction of the Isle of Man recently gave notice to gaming companies that it intends to close all gaming-related accounts.

"Already, some companies here have been given notice," Maginley said. "Under the law here, gaming companies are required to put 'gaming' in their names and in relation to getting accounts, certainly the local banks here are showing reluctance to offer new accounts, even to companies registered here.

Calvin Ayre, CEO of Bodog.com, confessed to Gambling911.com that this will be the first football season his company will not be actively marketing. While Bodog has no intention at this time of leaving the US market, his company is going to be focusing more heavily on Europe and even Asia over the coming months.

"Things have gotten really difficult in the US," Ayre said.

-----

AOL now offers free email to everyone. Find out more about what's free from AOL at AOL.com.  
=0

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

### Options

Richard Carson  
richard@edelweisscard.com  
T+1 702 889 9344  
M+1 702 812-6698  
F+41 22 700 83 32

Windows Live™ Home **Hotmail** Spaces OneCare MSN mpancer@hotmail.com Sign out

**Inbox (3)** New Reply Reply all Forward Delete Junk Move to Options

**Junk** Article

**Drafts**

**Sent**

**Deleted (69)**

abrego

badewitz

billock

**carson (2)**

Chaplin

**Cheema (2)**

Colton

goldman

**harvey (1)**

hunsaker

**Jellinsky (1)**

keith kelly

krapchan

moscow

**orders (1)**

Pacific La...

paschini

resistance

riek

ruan

Talsh

telephone ...

thorne

**tickets (1)**

Manage folders

Add an e-mail account

**Today**

**Mail**

**Contacts**

**Calendar**

### Newsday Endorses Online Gambling

On Wednesday, Newsday published an editorial that endorses the regulation of Internet gambling in the U.S. in order to resolve a World Trade Organization (WTO) trade agreement violation, protect consumers and collect tax revenues from licensed Internet gambling operators.

The editorial, "Time to Regulate Internet Gambling," further encourages Congress to review and debate the Internet Gambling Regulation and Enforcement Act, introduced by Congressman Barney Frank (D-MA), which would regulate Internet gambling and require licensed operators to put in place safeguards to protect against underage and compulsive gambling and ensure the integrity of Internet gambling financial transactions.

Here is the Newsday Editorial in its entirety.

Antigua and Barbuda, a tiny twin-island nation of 80,000 people in the Caribbean, is the mouse that roared on Internet gambling. It could force the elephantine United States to reconsider laws prohibiting online wagering with offshore casinos.

Antigua challenged that prohibition before the World Trade Organization and won - twice. Congress should accept that reality and replace the ban with regulation designed to ensure the financial integrity of gaming in cyberspace, to screen out minors and to make sure that the United States gets its cut in taxes. Legislation introduced by Rep. Barney Frank (D-Mass.) provides a good jumping-off point for debate in Congress.

Antigua is home to 32 online casino operations. It initiated a trade complaint in 2003, claiming that the U.S. ban violates its rights as a member of the global free trade community policed by the WTO. It won in 2004; again in 2005, after the United States appealed; and the ruling was reaffirmed yet again this year. All that's left is for the WTO to decide what damages to impose.

The organization's credibility is on the line. It can't risk the rap that it aggressively enforces trade rules against small nations but timidly allows the world's economic powerhouse to skate. The integrity of the United States is also at issue. This country can't respect trade rules that benefit us and ignore those that don't without undermining valuable free trade agreements.

Washington may be left with only two choices: Allow Americans to wager online with offshore casinos or ban all Internet gambling - including popular pastimes like fantasy sports leagues and off-track betting on horses, and maybe even the sale of lottery tickets online. Antigua argued that by permitting some online wagering while making it illegal for financial institutions to handle payments for Internet casinos abroad, the United States impermissibly discriminates against cyber-casinos. Washington should respect the WTO ruling, permit Internet casino gambling and do all it can to protect American consumers.

\*\*\*\*\*

Get a sneak peek of the all-new AOL at <http://discover.aol.com/memed/aolcom30tour>

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal Help Central | Account | Feedback

Windows Live™

Home

Hotmail

Spaces

OneCare

MSN

mpancer@hotmail.com

Sign out

Inbox (3)

New

Reply

Reply all

Forward

Delete

Junk

Move to

Options

Junk

Drafts

Sent

Deleted (69)

abrego

badewitz

billock

carson (2)

Chapin

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

keith kelly

krapchan

moscow

orders (1)

Pacific La...

paschini

resistance

riek

ruan

Taish

telephone ...

thorne

tickets (1)

Manage folders


Add an e-mail  
account

Today

Mail

Contacts

Calendar

Security scan upon download 

\*\*\*\*\* Get a sneak peek of the all-new AOL at  
<http://discover.aol.com/memed/aolcom30tour>

-Tuesday,  
 August 14, 2007

## Kaplan Seeks Dismissal of Case in Pre-Trial Motions

by  
 Emily Swoboda

Lawyers  
 for indicted BetonSports (BoS) founder Gary Kaplan have finally filed pre-trial  
 motions in the federal case against him.

Some  
 of Kaplan's motions, filed on Monday in the Eastern District of Missouri, are  
 similar to those filed previously by other defendants. For instance, he is  
 asking for a dismissal of count one of the indictment, the RICO charge, on  
 grounds that the government fails to allege a gambling enterprise that is  
 separate and distinct.

He is also asking for a dismissal of the entire indictment based on the World Trade Organization (WTO) ruling against the United States in its dispute with Antigua over its prohibitive i-gaming laws.

#### Magistrate

Judge Mary Ann Medler, who is overseeing the case, has denied the defendants' motions to dismiss the RICO charges. She is reserving judgment, however, on the WTO motion.

#### Kaplan

is charged with 21 of the 22 counts listed in the indictment, including racketeering conspiracy, transmission of wagers/wagering information, interstate transportation of gambling paraphernalia and tax evasion. Most of the other defendants, excluding Norman Steinberg, have been charged with only count one (RICO).

#### In

light of Kaplan's multiple charges, his legal team has filed other motions to dismiss the Wire Act counts (counts 3 to 12), the Wagering Paraphernalia Act count (13) and the tax evasion charges (counts 14 to 22).

#### Wire Act Counts

#### Kaplan's

lawyers argue that the government has so broadly read the Wire Act in this case that it defies the historical interpretation of the Act and serves to paint the company's activities in an illegal light.

#### "Under

a proper reading of the statute, it is clear that the Wire Act does not apply to all transmissions that have even a tangential relation to wagering, and that limitations on the scope of the Wire Act do and must exist," court documents read.

#### Wagering Paraphernalia Act Count

#### Kaplan

is charged with violating the Wagering Paraphernalia Act, which is designed to criminalize the interstate transportation of items used for the purpose of gambling. Kaplan's attorneys argue that the government has interpreted this act so broadly that it has criminalized items such as laptop computers and software, without rationalizing why these items qualify.

#### Tax Evasion Charges

#### Counts

14 to 16 charge Kaplan with tax evasion on wagers in violation of 26 U.S.C. Sec. 7201, according to which an excise tax is limited to wagers with a person residing in the United States or in a wagering pool or lottery within the same. Kaplan's attorneys argue that the government failed to allege that any wagers fall under the conditions outlined in 26 U.S.C. Sec. 7201.

#### Counts

17 to 22 charge Kaplan with interfering with the administration of internal revenue laws by advising bettors to deposit wagers through third-party recipients. His lawyers, however, said that funding wagering accounts through third-party recipients cannot be subject to taxation, according to law.

#### Kaplan

also requested a change of venue to the Southern District of Florida on the grounds that Missouri has no real significance in the case other than the fact that it was the location of the original investigation and grand jury indictment.

#### According

to court documents, Kaplan's team argued that the crimes alleged in the indictment all took place outside of Missouri--in Costa Rica and Florida--and none of the defendants lives within 500 miles of St. Louis.

#### In

addition, Kaplan's lawyers argued that other than "sting operation" witnesses, or local FBI agents who posed as Internet gamblers, the government would be calling witnesses who reside in Florida.

#### Fellow

defendant David Carruthers on Monday also filed an additional motion requesting a change of venue to Florida on similar grounds. While he is on house arrest in St. Louis, he asserts he is a resident of the United Kingdom.

#### Some

of the other defendants in the case, including Tim Brown, Lori Beth Kaplan Multz, Neil Scott Kaplan, William Hernan Lenis, Monica Lenis, William Luis Lenis and Manny G. Lenis and DME Global Marketing, filed a similar motion in January, but were denied in April by Judge Carol Jackson.

#### Kaplan,

who was arrested in March, is being held in custody in a county jail in St. Louis while he awaits trial.

#### Defendants

Norman Steinberg and Peter Wilson are still at large.

#### Kaplan,

who was arrested in March, is being held in custody in a county jail in St. Louis, where he awaits trial.

#### Defendants

Norman Steinberg and Peter Wilson are still at large.

#### Click here

to view the motion to dismiss the indictment based on the WTO ruling.

#### Click here

to view the motion for change of venue.

[Click here](#)  
to view the motion to dismiss the RICO charge.

[Click here](#)  
to view the motion to dismiss the tax evasion charges.

[Click here](#)  
to view the motion to dismiss the Wagering Paraphernalia Act count.

[Click here](#)  
to view the motion to dismiss the Wire Act counts.

---

Have a fast connection and want more features? Try the full version to see message previews in your Inbox. (It's free, too.)

© 2008 Microsoft | [Privacy](#) | [Legal](#)

[Help Central](#) | [Account](#) | [Feedback](#)

Windows Live™ Home **Hotmail** Spaces OneCare MSN mpancer@hotmail.com Sign out

**Inbox (3)** New Reply Reply all Forward Delete Junk Move to Options

Junk  
Drafts  
Sent  
Deleted (69)

abrego  
badewitz  
billock  
carson (2)  
Chapln  
Cheema (2)  
Colton  
goldman  
harvey (1)  
hunsaker  
jellinsky (1)  
kelth kelly  
krapchan  
moscow  
orders (1)  
Pacific La...  
paschini  
resistance  
riek  
ruan  
Taish  
telephone ...  
thorne  
tickets (1)

Manage folders  
Add an e-mail account

Today  
Mail  
Contacts  
Calendar

**Report Finds US Banks Continue to Service Internet Gambling**  
29-08-07

Americas Watchdog has released the findings of a report on the 'Involvement of US Banks and Major US Credit Card Issuers in Internet Gambling' and have discovered that not all companies are adhering to the guidelines of the Unlawful Internet Gambling Enforcement Act (UIGEA), introduced to the US in October 2006.

Following a 10-month investigation Americas Watchdog has revealed that some of the US' most prolific credit card/debit card issuers and US banks continue to fund off-shore 'casino' activities, although the UIGEA makes it illegal for banking facilities to accept money transfers to and from online gambling sites, effectively making Internet gambling illegal for US citizens.

As part of the investigation, Americas Watchdog used the services of four leading online casinos from November of 2006. These were a UK-based casino (call centre), a South African casino and two Antigua-based casino/sportsbooks.

All four casinos were seen to be contravening the UIGEA by accepting US custom and payments from US banks.

\*\*\*\*\*  
Get a sneak peek of the all-new AOL at <http://discover.aol.com/memed/aolcom30tour>

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal Help Central | Account | Feedback

**reviewjournal.com**

Subscribe to the Review Journal See the Internet Special!

Jobs / Cars / Homes / Shopping / Travel / Weddings / Golf / Best of Las Vegas / Photo/Page Store

Search:  GO

**REVIEW-JOURNAL** NEWS SPORTS BUSINESS LIVING ENTERTAINMENT FASHION OPINION WEATHER HOTELS CLASSIFIEDS MULTIMEDIA

**YOU COULDN'T HAUL YOUR BOAT WITH A MOPED!**

CLICK HERE

## Opinion

Sep. 13, 2007

Copyright © Las Vegas Review-Journal

**EDITORIAL: Internet gambling ban under pressure****Attorney anticipates huge WTO award**

Rep. Barney Frank, D-Mass., is trying to overturn the current federal ban on Internet gambling.

What's that? You didn't know it was illegal? Well, that's one of the problems. When governments pass toothless laws intended to block voluntary activities that harm no one except the volunteers, governments can end up looking toothless and goofy.

The other problem is that a World Trade Organization panel ruled in March that the United States is violating international trade law by prohibiting Americans from gambling on Web sites based in the Caribbean island nation of Antigua and Barbuda.

In May, the U.S. trade representative responded by blithely declaring U.S. gambling to be exempt from international trade regulations.

Mark Mendel, the attorney representing the island nation in the action, doesn't believe that's going to work.

"One of the frustrating things about our case is that everyone seemed to pretend the United States doesn't have to comply (with WTO guidelines)," Mr. Mendel told a Review-Journal reporter this week in a phone interview from Ireland.

But that's not so, insists Mr. Mendel. "I feel confident that what we will get will be a massive number -- one of the two or three largest WTO awards ever."

Mr. Mendel anticipates a fine in the range of \$1 billion to \$3.4 billion.

In lieu of the damages, Antigua and Barbuda would be happy to reach an agreement with the U.S. to allow Americans to use the island's gambling Web sites, the attorney says.

Which brings us back to Rep. Frank, who Tuesday admitted his bill to overturn the Internet gambling ban has stalled, though he believes international pressure could yet revive it.

Rep. Frank's bill, which would require the U.S. Department of the Treasury to regulate online gambling Web sites, currently has 36 co-sponsors.

A competing bill to fund a one-year study of Internet gambling -- sponsored by Nevada Democrat Shelley Berkley -- has 64 co-sponsors, though it has not been scheduled for a hearing and even Rep. Berkley believes it will be 2008 before any action is likely on her proposal.

Mr. Mendel, the attorney, says he would welcome a study of the \$13 billion Internet gambling industry -- a study that many have surmised could lead to regulated, taxed virtual casinos based in Nevada.

Antigua and Barbuda could serve as a pilot for the study, he suggests. "If a true test is given, we feel strongly that we could prove Internet gambling in Antigua and Barbuda is a safe and respectable business."

Of course, one of the arguments for lifting the ban will always be the hope that the federal government can slap on additional taxes.

But how would such taxes be enforced, without rigorous snooping on all private Internet commerce -- whether gambling-related or not?

SAVE THIS EMAIL THIS PRINT THIS MOST POPULAR RSS FEEDS POST A COMMENT

RECENT EDITIONS  
Wed Thu Fri Sat Sun Mon Tue

**FEATURED JOBS**

**Architects Project**  
Las Vegas, NV Las Vegas  
Review Journal/Sun

**Multiple Jobs In This Ad**  
Las Vegas, NV St. Rose  
Dominican Hospitals

**Multiple Jobs In This Ad**  
Las Vegas, NV Culinary  
Health Fund

**FLORAL DESIGNER**  
Experienced  
Las Vegas, NV Las Vegas  
Review Journal/Sun

**Administrative/ Clerical**  
Las Vegas, NV Las Vegas  
Review Journal/Sun

**Nursing Director**  
Las Vegas, NV Manor  
Health Care Center

**DENTAL ASSISTANT**  
Las Vegas, NV Anthem  
Peds Dentistry

**Quality Control Manager**  
Las Vegas, NV Las Vegas  
Review Journal/Sun

**Construction Build**  
Las Vegas, NV Las Vegas  
Review Journal/Sun

**ALLIANCE RESIDENTIAL**  
Las Vegas, NV Las Vegas  
Review Journal/Sun

**CAREER FAIRS**

**Share & Save**

What is this?

**Free Chocolate® by LG**

ONLY FROM verizon wireless

Learn More

**Sponsored Links****"She has Yellow Teeth"**

The Secrets Dentists don't want you to know about Teeth Whitening!

**Invented Anything?**

We help California Inventors! Click for your FREE information.

**Mortgage Rates at 5.65%**

\$200,000 loan for \$771/month. See New Payment - No SSN Rqd. Save Now!

**Most Popular Stories:**

- **FROM OUR READERS:** Do those who voted for Halverson have a clue?
- **LETTERS:** No more cuts to public schools
- **EDITORIAL:** Public employee pay
- **LETTERS:** Opening fresh wounds -- for what?
- **LETTERS:** By any measure, math scores stink
- **EDITORIAL:** 'Buyers in these areas are responding ...
- **LETTERS:** Public school cuts political, impractical
- **FROM OUR READERS:** No tax hikes? It might be time to sue
- **LETTERS:** Humane Society abhors all violence
- **EDITORIAL:** School choice

The more basic question is how we arrived at a default setting where everything has to be either taxed and regulated, or else banned outright. What ever happened to freedom?

Why should anyone have to pay Congress a share of the take -- like the victims of some protection racket allowing the local mob boss to "wet his beak" -- for the privilege of merely being let alone? Why can't Congress simply keep its mitts off the Internet and let Americans choose whether and how to risk their own money in games of chance?

#### Sponsored Links

##### **Alternative to Open Back Surgery**

Minimally invasive, corrects most spinal disorders, 21st century laser techniques, outpatient surgery.

##### **I "Hate" my Yellow Teeth**

The Secrets Dentists don't want you to know about Teeth Whitening!

##### **"Prepare To Be Shocked"**

Amazing Chinese Weight Loss Secret. As Seen On CNN, NBC, CBS & Fox News.

##### **How's your Credit Score?**

A good Credit Score is 700+ and can save you money. See yours now - \$0

[Buy a link here](#)

## Leave Your Comment

7 Reader Comments

#### Terms & Conditions

The following comments are provided by readers and are the sole responsibility of the authors. The reviewjournal.com does not review comments before publication nor guarantee their accuracy. By publishing a comment here you agree to abide by the [comment policy](#). If you see a comment that violates the policy, please notify the [web editor](#).

Some comments may not display immediately due to an automatic filter. These comments will be reviewed within 48 hours. Please do not submit a comment more than once.

Name:

Email:

#### COMMENTS :

(word count limit is 300)

Current Word Count: 0

[Post Comment](#)

willy wrote on September 14, 2007 01:49 AM:

Actually RJ staff did you know it is not a federal crime to bet online? There are laws against running a sports betting business that has snared a few offshore operations, but no express law prohibits the act of betting alone. Politicians aren't so stupid to piss off the people who would actually vote for them by making them criminals.

There are laws against betting online in Nevada thanks to our state bowing to the pressure of the NGCB and the casino companies. Thankfully only one person has ever been prosecuted for it: none other than the RJ's favorite local Billy Walters!

bethofspring wrote on September 13, 2007 06:00 PM:

If you think a ban on Internet gambling is a hot political issue, be aware that Senator John McCain wants to eliminate NCAA sports betting.

He needs to be consistently asked about this, so he realizes that Nevadans want to bet our sports without intervention from the government. That's a Democratic tactic, not a Republican one, Senator.

#### MULTIMEDIA



Weaker Pay Brings Minor Flooding to Florida  
[Play](#)



First Person: Phelps Talks About His Future  
[Play](#)



Raw Video: Elderly Woman Attacked  
[Play](#)

## VIRTUAL JOB FAIR

Can't make it to the actual job fair or want to get a head start? Put your resume online now for potential employers to view even after the career fair is over.

**Jobseekers:**  
[Click here to put your resume online now!](#)



John wrote on September 13, 2007 01:10 PM:

You can thank the religious right for this legislation and their lap dogs in Congress. I find it appalling that the self-proclaimed morally superior can dictate their morals upon the rest of us. Playing poker or betting on a sporting event is not a crime. It is a form of entertainment that I as an adult should be free to engage in regardless of the beliefs of others as to its propriety. As a society, we need to recognize that individual liberty is the foundation of democracy and the erosion of such liberties erodes the democratic principles on which our country was founded. In 2008, the choice is clear. Elect those politicians that respect the rights of individuals as opposed to those that capitulate to the self proclaimed morally superior among us.

Carlos wrote on September 13, 2007 12:50 PM:

First off they added this law to a port security bill at the last minute so no one would vote against it. This is the world wide web, Not the usa web! 2 people voted against the bill in October 2006. I thought we broke away from England for freedom way back in 1776. Sad, Sad, commentary on our politicians. Now their going to do something; Why did they put it in their in the first place! maybe they will have cameras on lights to stop crime next; oh wait they are already have them. When was that vote held? Sports gambling is not a crime!!!

Tim Volk wrote on September 13, 2007 12:12 PM:

The pressure that the gambling ban feels comes from the multitude of Americans who continue to play online poker daily despite the ban. The practice is as common as driving 3 mph over the speed limit.

John wrote on September 13, 2007 11:28 AM:

I also agree that the government should not be in the business of legislating morality. If a person wants to gamble on the internet, it should be his right to do so. I will fight to the death for my freedom and liberty. It looks like the battle is beginning - with internet gambling of all things - for Gods sake.

John wrote on September 13, 2007 05:36 AM:

A company doing business in the US should be subject to the same taxes as any other company doing business in the US regardless of its line of business.

The underlying anti-tax argument is just silly. Funds must be raised to finance the vital functions of the US government. If there were no taxes, where would the funds come from?

I do agree however that the government should not be in the business of legislating morality. If a person wants to gamble on the internet, it should be his right to do so. Government does serve a legitimate role in regulating the internet gaming industry just as Nevada gaming regulates land based casinos in order to ensure that the games are fair, wagers are paid and underage gamblers do not gamble.



[Contact the R-J](#) | [Subscribe](#) | [Report a delivery problem](#) | [Put the paper on hold](#) | [Advertise with us](#)  
[Report a news tip/press release](#) | [Send a letter to the editor](#) | [Print the announcement forms](#) | [Jobs at the R-J](#)

Copyright © Las Vegas Review-Journal, 1997 - 2008  
[Stephens Media, LLC](#) [Privacy Statement](#)

Windows Live™

Home

Hotmail

Spaces

OneCare

MSN

mpancer@hotmail.com

Sign out

Inbox

New

Reply

Reply all

Forward

Delete

Junk

Move to

Options

Junk

Drafts

Sent

Deleted (69)

abrego

badewitz

billock

carson (2)

Chapin

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

keith kelly

krapchan

moscow

orders (1)

Pacific La...

paschini

resistance

ruan

Taish

telephone ...

thorne

tickets (1)

Manage folders

Add an e-mail

account

Today

Mail

Contacts

Calendar

See below

From the US DOJ Criminal Resource manual 2478 What is not aiding and abetting

More than mere presence at the scene is required. *United States v. de la Cruz-Paulino*, 61 F.3d 986, 1001 (1st Cir. 1995). The fact that criminal activity occurs in front of someone does not always allow the inference that that someone was a participant. *Id.* There are circumstances, though, where presence itself implies participation such as when a thug stands near an extortion actor a lookout stands near a robbery. *Id.* More is needed than simply knowledge that the crime was to be committed. *de la Cruz-Paulino*, 61 F.3d at 998-99. Awareness of the crime is insufficient to establish aiding and abetting. *United States v. Salamanca*, 990 F.2d 629, 636 (D.C. Cir.), cert. denied, 510 U.S. 928, 1145 S.Ct. 337, 126 L.Ed.2d 281 (1993). Mere association between the principal, and the aider and abettor is insufficient. *Id.* Mere participation is not enough proof that a defendant intentionally assisted in the ventures illegal purpose. *United States v. Ramos-Rascon*, 8 F.3d 704, 711 (9th Cir. 1993). So, mere presence at the crime scene and guilty knowledge of the crime are generally not enough for aiding and abetting. *United States v. Head*, 927 F.2d 1361, 1373 (6th Cir.), cert. denied, 502 U.S. 846, 112 S.Ct. 144, 116 L.Ed.2d 110 (1991). However, one court ruled it would be unreasonable to believe that participants would permit a noncontributing interloper to remain nearby conspicuous criminal activity, unabated for an extended period of time. See *United States v. Batista-Polance*, 927 F.2d 14, 18 (1st Cir. 1991). However, presence, association and knowledge may be relevant and material toward proving aiding and abetting. *United States v. Martiarena*, 955 F.2d 363, 366-67 (5th Cir. 1992). The key elements are the defendant's association with the venture, participating in it as in something he wished to bring about, and seeking to make it succeed. *United States v. Rodriguez Cortes*, 949 F.2d 532, 539 (1st Cir. 1991). "Association" within the meaning of aiding and abetting means the defendant shared in the criminal intent of the principal. *United States v. Jaramillo*, 42 F.3d 920, 923 (5th Cir.), cert. denied, 514 U.S. 1134, 115 S.Ct. 2014, 131 L.Ed.2d 1013 (1995). "Participation" means the defendant engaged in some affirmative conduct designed to aid the venture. *Martiarena*, 955 F.2d at 366. Furthermore, it is a defense to aiding and abetting if the crime has already been committed. *United States v. Camargo-Vergara*, 57 F.3d 993, 1001 (11th Cir. 1995). Of course, there can be no conviction for aiding and abetting someone to do an innocent act. *Shuttlesworth v. Birmingham*, 373 U.S. 262, 265, 83 S.Ct. 1130, 1132, 10 L.Ed.2d 335 (1963). Source: [http://www.usdoj.gov/usao/ecusa/foia\\_reading\\_room/usam/title9/crm02478.htm](http://www.usdoj.gov/usao/ecusa/foia_reading_room/usam/title9/crm02478.htm)

What is the "aiding and abetting illegal gambling" law the DOJ are referring to? Were you "aiding and abetting LEGAL gambling" - in other words aiding and abetting someone to do an innocent act ? -----

Gambling sites are based in countries where online wagering is perfectly legal. It's debatable whether a bet placed by an American via the Internet takes place on his computer, at the casino in, say, Costa Rica, or somewhere in between. As much as the U.S. Justice Department might like to assert jurisdiction all over the world, such interference understandably raises hackles abroad. The World Trade Organization, in response to a complaint from the tiny Caribbean nation of Antigua and Barbuda, ruled that the U.S. is violating its free trade commitments by trying to block cross-border betting. The WTO's arbitration panel apparently was convinced by Antigua and Barbuda's argument that the ban on Internet wagering is a trade barrier aimed at protecting the American gambling industry. "The U.S. says it wants open competition," said Antigua and Barbuda's WTO representative, "but it only wants free trade when it suits the U.S."

Reference: <http://www.law.duke.edu/journals/dltr/articles/2004dltr0013.html>

-----Article from Casino Lawyer Magazine Excerpt (For the full article see source link)

DOJ's Position:

All Online Gambling is Illegal

The UIGEA sought to prevent funding for Internet gambling, but did nothing to amend the Wire Act (18 U.S.C. § 1084) upon which the DOJ relies in support of its opinion that all online gambling is illegal. Thus, it could be argued that the sole purpose of this bill is to penalize gaming operators who accept credit cards and electronic cash for prohibited gambling, i.e., sports betting and only sports betting.

This issue is complicated by the fact that there is a distinct divergence of opinion between legal commentators and non-authoritative judicial determinations on one side, and the United States DOJ on the other. The consistent opinion of the DOJ has been that all interactive gambling—including interactive, state-licensed horseracing—is illegal. Furthermore, advertisers and suppliers may be in violation of United States law for aiding and abetting online gaming operators.

The DOJ warned the United States Virgin Islands and the state of North Dakota that interactive gambling authorization and regulation would violate federal law. The DOJ has even asserted, in a letter dated July 14, 2003, to Rep. Conyers, that the December 2000 amendment to the Interstate

Horsereading Act did not legalize inter- state horse racewagering between states that have licensed entities such as Yobet. Thus, according to the DOJ, Yobet and other companies accepting interactive horse race betting from different states are in violation of federal law. In support of its opinion, the DOJ relies primarily on three federal statutes that were passed long before the development of interactive gaming: the Wire Act (18 U.S.C. § 1084), the Travel Act (18 U.S.C. § 1952), and the Anti- Gambling Act (18 U.S.C. § 1955).

#### The Wire Act

An Internet electronic commerce provider might be liable under the Wire Act if it participates in offshore sports betting, e.g., U.S. v. Cohen, 260 F.3d 68 (2 Cir. 2001), cert. denied, 536 U.S. 922 (2002), but probably would not be liable if it engaged in a contract concerning a bettor that involved offshore casinos, poker, or lotteries.

While the DOJ may insist that the Wire Act prohibits all Internet gambling, the Wire Act was specifically found by the Fifth Circuit Court of Appeals to apply only to sports betting. In *In Re MasterCard International Inc.*, 132 F. Supp. 2d 468 (E.D. La. 2001), aff'd, 313 F.3d 257 (5 Cir. 2002), a District Court had to determine whether numerous plaintiffs who lost wagers at offshore casinos could recover losses from their credit card companies.

Plaintiffs had hoped to obtain class status to pursue a civil Racketeer Influenced and Corrupt Organizations Act (RICO) claim against credit card companies such as MasterCard. In order to assert a RICO claim, plaintiffs would have to show, inter alia, "that Internet gambling violates the several federal and state statutes as alleged in the complaint" (*In Re MasterCard* at 478). The District Court concluded that the Wire Act (18 U.S.C. § 1084) was applicable only to sports wagering and the United States Court of Appeals affirmed the District Court's analysis of the inapplicability of the Wire Act to anything other than sports wagering.

Although significant, this case cannot be deemed authoritative as yet because neither the DOJ nor any other governmental agency was a party to it, and its holding has neither been approved nor disapproved by the United States Supreme Court. Source:

<http://www.gamblinglawmasters.com/casinolawyer/clv3n2sp07/clv3n2sp071-states.htm>

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live™ Home **Hotmail** Spaces OneCare MSN

mpancer@hotmail.com Sign out

Inbox

Junk

Drafts

Sent

Deleted (69)

abrego

badewitz

billock

carson (2)

Chaplin

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

keith kelly

krpchan

moscow

orders (1)

Pacific La...

paschini

resistance

riek

ruan

Taish

telephone ...

thorne

tickets (1)

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

Junk

Move to

Options

NatWest 3 Plea Could Have Affect on European Online Gambling Operators

European online gambling operators anxiously await a decision on the iMEGA vs. US Government matter, which is now 60 days past due. The folks from iMEGA, a trade organization which believes a law banning online gambling in the States is illegal, feels confident about the delay in decision.

But European operators, anxious to have legal barriers removed, can't be elated by a recent plea bargain made in the notorious NatWest 3 case.

The NatWest Three, also known as the Enron Three, are three British businessmen - Giles Darby, David Bermingham and Gary Mulgrew - who were extradited to the United States on July 13, 2006 on charges relating to a transaction with Enron Corporation in 2000 when they were working for the City of London firm Greenwich NatWest.

At the time of the crime the Three were working for Greenwich NatWest, then a unit of NatWest bank. The Three engaged in a corrupt deal with Andrew Fastow, CFO of Enron, whereby they would persuade Greenwich NatWest to sell its stake in a Cayman Islands investment company at a fraction of its real market value to a small company controlled by Fastow. The stake was then sold to Enron at its true value, and the difference was split between Fastow, Fastow's assistant Michael Kopper, and the Three.

The three bankers netted £1.1m (\$2.3m) each, while Fastow and Kopper made a considerably larger sum.

Some of the most damning evidence against the Three comes from a presentation made by the Three to Fastow which included the words:

"Problem is that it is too obvious (to both Enron and LPs) what is happening (ie, robbery of LPs), so probably not attractive. Also no certainty of making money ..."

Prosecutors allege that the use of the word "robbery" shows that the Three knew that what they were planning to do was a crime.

The case of the NatWest three has stirred up huge concern among business people in the UK. This week, however, we learn that the three former NatWest bankers have pleaded guilty to wire fraud.

Judicial Torture

Martin Wolf of the Financial Times calls it "Judicial Torture"

"The fact that these three men pleaded guilty does not prove they were. It demonstrates that the offers made by US prosecutors are of a kind sensible people cannot refuse. The pressures the former can exert make it rational, even for the innocent, to plead guilty. I do not know whether that happened here. But it would not be very surprising."

This case had yet another disturbing feature: the fact that the three men were extradited under a treaty agreed with the US in 2003 that allows US courts to extradite people without establishing a prima facie (preliminary) case in a British one, according to Wolf.

"Many believe the good reason for this change was the need to co-operate over terrorism. Yet it has, in practice, been used extensively against British business people by US prosecutors who are targeting white-collar crime.

"Because so many British businesses have some US involvement, their vulnerability to this judicial activism is self-evident. What made the case of the NatWest three more remarkable is that the bank, alleged victim of the fraud, never pressed for a British investigation of the events."

Case Mirrors That of Carruthers

David Carruthers (born September, 1957 in Edinburgh, Scotland) was the CEO and a board member of online gambling company BETONSPORTS plc. He served as CEO from July 2000 until July 24, 2006. He was arrested in the United States on July 16, 2006 on charges related to his role as CEO of that company and is currently under house arrest at a hotel in St. Louis awaiting trial.

Like the individuals from NatWest, Carruthers was not a US citizen.

The hotel he resides at is among the nicest in the St. Louis area, but he is only permitted to leave a few hours a day and he cannot go far (he is monitored 24 hours a day). Gambling911.com has learned that Mr. Carruthers has ventured to some local museums and the library and has even checked out the St. Louis Arch. But that's about the extent of it.

The US Government is not paying for his hotel room either. But Carruthers isn't there by choice.

Upon his arrest, officials immediately confiscated his passport. Carruthers has told those close to Gambling911.com that it is impossible for him to rent an apartment in the area without the proper identification (not to mention the ankle monitoring device can't help matters).

The good news is that Carruthers remains in good spirits, has been exercising, eating nutritionally and has been in constant contact with some close friends within the online gambling industry who form an excellent support base. He is also "free", unlike BETonSPORTS founder, Gary Kaplan, was deemed a "flight risk" and must remain behind bars. Kaplan is said to be suffering due to a medical condition (severe back pains).

The bad news is the US Government continues to put off Mr. Carruthers trial.

Why Did They Plea Bargain?

Wolf says that plea-bargaining is effective because of four salient features of American justice: the exceptional severity of punishment; the justified terror of what might happen in prison; the uncertain outcome of fighting cases before juries; and the possibility of obtaining a far lighter sentence by agreeing to pleas of guilty.

In the case of the NatWest three, the accused faced the possibility of up to 35 years in prison for their alleged offences. It is a reflection of the gulf in culture that has grown up between the US and the UK that what are in effect life sentences might be imposed for their alleged involvement in helping Andrew Fastow, then Enrons chief financial officer, defraud Enron.

"Such a sentence would be far longer than all but the tiniest proportion of murderers could expect to serve in the UK. Yet, apparently, it is regarded as perfectly reasonable in the US. Nor is this all. A sentence in a US prison, particularly for middle-class men, is likely to be entry into a lifetime of torment."

Longtime Houston attorney Tom Kirkendall's observations are similar to that of Mr. Wolf over at his blog:

"On one hand, the defendants could risk a trial in a virulent anti-Enron environment (see also here) that could result in a long prison sentence that would have to be served in the US prison system thousands of miles away from their families. Or, on the other hand, they could enter into a plea deal that gives them the hope of being able to serve a considerable amount of a definite sentence in the UK prison system near their families.

"Given those choices, my sense is that the NatWest Three's choice was a rational and reasonable decision. It's simply not a choice that they should have been forced to make."

A statement was issued by those attorneys involved.

"Today is an important first step, if not the last, in bringing this terrible ordeal to an end," the attorneys for the three men said in a joint statement. "By changing their plea . . . Gary, Giles and David have fully accepted responsibility for the significant lapse of judgment that led to the filing of these charges, and that has caused them to be apart from their families and friends in the UK for an agonising 17 months."

But this terrible ordeal is far from over in the whole scheme of things.

Precedent Setting and Ongoing Arrests Possible

"The greater UK business community is up in arms," points out Joe Brennan, Jr. of IMEGA.org. "How the US can unfairly reach into their country (Great Britain) to prosecute their people. This is a pretty big precedent being set."

And many now speculate that the NatWest 3 (plea bargained) and David Carruthers (still awaiting trial in the States) are just the beginning to a long string of arrests that could be coming down the pike.

Immediately following the Carruthers arrests, the online gambling community and those in the entire European business sector, were stunned to learn that a former Chairman of Sportingbet was taken into custody at New York's JFK Airport. Peter Dicks was wanted on an arrest warrant from the state of Louisiana. The warrant charges Mr. Dicks was running a gambling enterprise by computer, a crime under Louisiana law. Yet Dicks was hardly active on the Sportingbet board and was in the US on "unrelated" business.

Dicks was released on \$50,000 bail on September 9; shortly thereafter he tendered his resignation as Sportingbet chairman and announced plans to fight extradition to Louisiana. A hearing scheduled for September 28, 2006 was postponed until the following day to allow New York court officials time to reach a decision. On September 29, Judge Gene Lopez announced that the warrant would not be enforced, and that Mr. Dicks was free to return to the UK. New York governor George Pataki stated that because internet gambling is not a crime in New York, the state does not have the authority to extradite Mr. Dicks to Louisiana.

But what if Mr. Dicks had landed in Washington State instead?

Washington recently extradited three of its citizens to the state of Louisiana on similar

charges. Likewise, Dicks arrival in New York was a case of "good timing". Pataki has since served his term as New York State Governor. Serving in that role now is Eliot Laurence Spitzer, the former New York State Attorney who brought charges against PayPal (an online payment solutions company) for its role in taking Internet gambling transactions.

Have a fast connection and want more features? Try the full version to see message previews in your Inbox. (It's **free**, too.)

© 2008 Microsoft | [Privacy](#) | [Legal](#)

[Help Central](#) | [Account](#) | [Feedback](#)

Windows Live™ Home **Hotmail** Spaces OneCare MSN mpancer@hotmail.com Sign out

**Inbox** New Reply Reply all Forward Delete Junk Move to Options

**Junk**

**Drafts** please see below

**Sent**

**Deleted (69)**

abrego

badewitz

billock

**carson (2)**

Chapin

**Cheema (2)**

Colton

goldman

**harvey (1)**

hunsaker

**jellinsky (1)** alvin Ayre Coming to America?

kelth kelly Long banished from the United States - Bodog founder, Calvin Ayre, has been working hard behind the scenes to get reprieve for both he and other Antiguan-based online gambling operators.

krapchan Following some high profile arrests of Web gambling operators from Great Britain and Costa Rica, executives of these companies were urged by their legal counsel not to travel in the States.

moscow

**orders (1)** Some, like the founders of online gambling payment processor, Neteller, disregarded the warnings and were promptly arrested and fined millions of dollars early last year.

Pacific La... "Antigua is working to get amnesty for their online gambling operators," a source close to Ayre told Gambling911.com.

paschinl And Ayre himself may have already gotten just that.

resistance In his blog, CalvinAyreLife, the swashbuckling Richard Branson-worshipping billionaire wrote of how he would have attended the Gambling911.com Championship Party in Miami if not for the fact he was in London at another event that week.

riek While were not too sure how well Jenny Woos potential suitor worked out (the girl is a magnet for large-scale trouble), from all accounts there was plenty of expensive champagne and silicone jobs as promised at Gambling 911's now infamous NFL Conference Party in Miami. Unfortunately, I had to personally decline Chris Costigan's kind invite. (Note to Chris Costigan: Dude, you know I would have been there if I wasnt stuck in London. Lord knows the weather would have been a helluva lot nicer!)

ruan Still, there has never been any evidence to suggest that Ayre is on a Government list of "swinish multitudes", even if he did grow up knee deep in pig s\*\*.

Talsh

telephone ...

thorne

**tickets (1)** Antiguan officials met with US authorities two weeks ago in an effort to work one-on-one in regard to the Caribbean island nation's burgeoning online gambling industry. The World Trade Organization ruled in favor of Antigua in a dispute with the US, ordering the later to pay millions of dollars in concessions. Antigua has hinted that they would prefer to work with United States officials in a "less hostile" environment, which may or may not absolve it from having to pay monetary damages.

Manage folders

Add an e-mail account

Today

Mail



Contacts

Calendar

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal Help Central | Account | Feedback

EXHIBIT "A" 0028

Windows Live™ Home **Hotmail** Spaces OneCare MSN   [mpancer@hotmail.com](mailto:mpancer@hotmail.com) Sign out

Inbox New Reply Delete Move to Options

Junk

Drafts

Sent

Deleted (69)

abrego

badewitz

billock

carson (2) Chairman of the House Democratic Policy Committee Endorses U.S. Regulation of Internet Gambling

Chapin (Washington, D.C. February 28, 2008) Congressman George Miller (D-CA), chairman of the House Democratic Policy Committee and the House Education and Labor Committee, has signed on as a co-sponsor of the Internet Gambling Regulation and Enforcement Act. The legislation, introduced last year by Congressman Barney Frank (D-MA), would allow licensed operators to provide Internet gambling services in the United States.

Cheema (2)

Colton

goldman

harvey (1)

hunsaker As a member of the Democratic Leadership and chairman of the House Democratic Policy Committee, Congressman Miller is responsible for helping Democrats to develop and articulate a wide range of policies of benefit to all Americans. He has a long record of important legislative achievements and is a leading advocate in Congress on education, labor, the economy, and the environment.

Jellinsky (1)

kelth kelly

krapchan

moscow

orders (1) The endorsement of this key legislation by Congressman Miller, one of the most influential leaders on Capitol Hill, further demonstrates the growing support for regulated Internet gambling, said Jeffrey Sandman, spokesperson for the Safe and Secure Internet Gambling Initiative. We expect continuing momentum in Congress as more people realize that the current approach to prohibit Internet gambling is a failure. Rather than leave consumers vulnerable in an underground, uncontrolled marketplace, regulation of Internet gambling would protect consumers and generate billions in revenue needed for critical government programs.

Pacific La...

paschini

resistance

riek

ruan

Taish The Internet Gambling Regulation and Enforcement Act (H.R. 2046) and the Internet Gambling Regulation and Tax Enforcement Act (H.R. 2607), a companion bill introduced by Representative Jim McDermott (D-WA), would regulate and tax Internet gambling activity. Under the proposed legislation, each Internet gambling operator would be licensed by the Financial Crimes Enforcement Network (FinCEN) and required to ensure that the individual placing the bet or wager is physically located in a jurisdiction that permits a particular form of Internet gambling. The legislation would reinforce the rights of States to control what, if any, level of Internet gambling was permissible within their borders, including the ability to apply additional taxes, and to ensure that appropriate consumer protections and limitations were in place.

telephone ...

thorne

tickets (1)

Manage folders

Add an e-mail account

Today According to a tax revenue analysis prepared by PricewaterhouseCoopers, taxation of Internet gambling is expected to generate between \$8.7 billion to \$42.8 billion in federal revenues over its first ten years.

Mail

Contacts

Calendar About Safe and Secure Internet Gambling Initiative

The Safe and Secure Internet Gambling Initiative promotes the freedom of individuals to gamble online with the proper safeguards to protect consumers and ensure the integrity of financial transactions. For more information on the Initiative, please visit [www.safeandsecureig.org](http://www.safeandsecureig.org). The Web site provides a means by which individuals can register support for regulated Internet gambling with their elected representatives.

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live™ Home **Hotmail** Spaces OneCare MSN mpancer@hotmail.com  
Sign out

Inbox New Reply Reply all Forward Delete Junk Move to Options

**Drafts** attached article

Sent

**Deleted (69)**

abrego

badewitz

billock

**carson (2)**

Chapin

**Cheema (2)**

Colton

goldman

**harvey (1)**

hunsaker

**jellinsky (1)**

keith kelly

krapchan

moscow

**orders (1)**

Pacific La...

paschini

resistance

riek

ruan

Talsh

telephone ...

thorne

**tickets (1)**

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

Randy Shore of the Vancouver Sun has written an excellent piece on the emergence, evolution and eventual evaporation (or the 3 "E"'s) of online poker from a Canadian's point of view, since so much of what we read on the subject originates from within the United States. The "evaporation" does not imply online poker has met its untimely demise - quite the opposite in fact. Shore is simply pointing out the process of elimination, focusing on how a number of online poker enterprises have removed themselves from the U.S. market following implementation of new legal measures.

Still, those legal measures remain clouded. PokerStars legal eagles, for example, insist that they continue to operate on the right side of the law. The privately held online poker enterprise still accepts customers from the United States while its publicly traded counterparts have chosen to leave the market entirely due mostly to pressure from shareholders.

Poker is hardly a crime, unless of course ESPN, NBC and nearly every other big name television network has entered the business of "aiding and abetting". These networks promote poker-related television shows with reckless abandonment, and with good reason: Nearly all the poker shows bring in high ratings.

Shore takes a good hard look at the global view of online gambling beyond just the scope of the US and Canada.

How we're becoming a Poker Nation

Free sites whet the appetite for real-money stakes

Global gambling revenue is estimated to be almost \$200 billion. Because many of the online gambling companies are privately owned and are not obligated to publish their balance sheets, it is difficult to know the exact size of the industry, but The Economist estimated that global revenue from online gambling would hit \$18 billion in 2008. So with a product that people can use in their own homes, the opportunities for growth in online gambling are enormous.

In Canada, the legal landscape for online poker players is murky.

The operation of legal gambling is the jurisdiction of provincial governments, so technically any gambling that is not regulated by the province might be considered illegal. The Criminal Code makes it illegal to be in the business of taking bets and to run a betting parlour, but exempts bets made between individuals "not engaged in the business of betting," according to Terri MacKay in her report, Internet Gambling in Canada Awaits in Legal Purgatory.

So is it illegal to play online poker in B.C.?

Yes and no, according to assistant deputy minister Derek Sturko of B.C.'s Gaming Policy and Enforcement Branch.

The only forms of gambling that are allowed are those authorized by the province and the province does not allow Internet gambling, he said.

But online poker has so far proven impossible to regulate, he said. No one in B.C. has ever been charged criminally for playing online poker.

When gambling money begins to leak overseas, the response of provincial governments in Canada has been to expand domestic gambling to capture that "leakage," according to policy analyst Jason Azmier of the Canada West Foundation. Azmier notes: "The emergence of poker as a significant ratings winner for television networks underlines the suggestion that gambling as a product is nowhere near its market boundaries."

As always, the Vancouver Sun delivers another in depth report on the online gambling industry. The article from Randy Shore can be found here.

EXHIBIT "A" 0030

Windows Live™ Home **Hotmail** Spaces OneCare MSN mpancer@hotmail.com Sign out

**Inbox** New Reply Reply all Forward Delete Junk Move to Options

Junk

**Drafts**

Sent

**Deleted (69)**

abrego

badewitz

billock

**carson (2)**

Chapin

**Cheema (2)**

Colton

goldman

**harvey (1)**

hunsaker

**jellinsky (1)**

keith kelly

krapchan

moscow

**orders (1)**

Pacific La...

paschini

resistance

riek

ruan

Taish

telephone ...

thorne

**tickets (1)**

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

**Mixed Reaction to Court Decision Regarding Online Gambling**

While iMEGA.org claimed victory yesterday in their challenge against enforcement of the Unlawful Internet Gambling Enforcement Act - a law that essentially prohibits most forms of online gambling - others like World Sports Exchange founder, Jay Cohen, were saying "Not so fast".

"It sounds like the judge dismissed the case," Cohen stated on the MajorWager posting forum. "So far what little reading I have done makes it look like the case was dismissed, they are making some bad law, and in my opinion they brought this case in the wrong circuit."

Joe Brennan, Jr., iMEGA founder agrees that the best scenario would have been for the Honorary Judge Mary L. Cooper to find in favor of iMEGA's argument that the UIGEA was a "violation of free speech". But instead iMEGA was granted the next best thing; the startup trade organization has been granted standing and the best and most expedient means of having the UIGEA thrown out entirely.

"This Judge could have thrown our challenge out with prejudice," explains Brennan, Jr., who intends to draft a letter to the industry this weekend, explaining specifically what appeared to be a complicated ruling, but essentially is not. "She (The Judge) chose not to do this. We were instead given a road map and provided information as to how we should pursue this case further in the Appellate Court, which we intend to do over the next two months. Had the Judge dismissed with prejudice we would have never been able to bring this matter back to the Courts and the UIGEA policy enforcement would continue as initially planned."

And that means credit card companies, banks, cash processors were going to inevitably be criminally prosecuted if they failed to properly monitor online gambling transactions including online poker.

Presently, sites like Full Tilt Poker have been able to process credit cards while payment processing firms took a "wait and see" attitude regarding the UIGEA.

"These processors can only do so much," explained one online gambling operator. "Eventually the money has to reach the banks in the United States and once there is a real fear of criminal prosecution hanging over their heads, you can rest assured that these online poker players won't be getting paid."

Thursday's decision by Judge Cooper disposed of the "criminal prosecution" element as it related to banking institutions. This could be viewed as an even bigger triumph than the issue of "standing", at least in the short term.

A more complicated aspect of the decision centers on State vs. Federal laws.

Judge Coopers ruling holds that, even with the passage of UIGEA, online gambling is only illegal in states where a statute specifically says it is," explained Eric M. Bernstein, Esq., attorney for iMEGA in a statement issued Thursday.

Many pundits have been grappling with that concept over the last 24 hours.

Some have gone as far as to imply that iMEGA's legal counsel are complete idiots.

"I too am not impressed by the legal work of the iMEGA," one poster on the Two Plus Two Online Poker forum commented, responding to other worries expressed on that site. "The legal work by the defendants in the BetOnSports/Kaplan/Carruthers case is far superior."

That may be true if rotting away in a prison and being denied medication is considered the result of "good legal work".

BetonSports, its founder Gary Kaplan, and CEO David Carruthers were all indicted on several charges that included tax evasion and money laundering. Carruthers has remained under house arrest for more than a year and a half with no trial in sight. Kaplan was apprehended a year

EXHIBIT "A" 0031

ago and has not been allowed bail. He also suffers from severe back pain and for some time was denied proper medication. Granted Kaplan has assembled one of the best legal teams on the planet (Benjamin Brafman has acted on his behalf). The impact is yet to be felt.

The iMEGA challenge will have little if any impact on the BetonSports case. Many of the charges against both Gary Kaplan and David Carruthers (i.e. tax evasion, mail fraud) stretch far beyond what iMEGA is arguing.

But iMEGA has the ability to spare a good chunk of the online gambling industry that is still in operation today should they receive a positive outcome on appeal.

Whether the US Government commences actions against affiliate (revenue sharing) online poker sites operating within the United States while the process is ongoing remains to be seen.

iMEGA's legal counsel affirmed that such affiliates are at most risk should any challenge to the UIGEA be called off.

The US Government is not exactly celebrating Thursday's decision either.

Charles Miller, a spokesman for the U.S. Department of Justice, said the department is reviewing the decision, and would have no further comment.

Said one operator: "What this Judge did basically was get out of the way so that a Higher Court can handle the matter."

Or in other words, yesterday's decision was a "wash" with both sides getting some benefit, just not the knock out punch.

----



Christopher Costigan, Gambling911.com Publisher CCostigan@CostiganMedia.com


Originally published March 7, 2008 2:07 pm EST

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live™ Home **Hotmail** Spaces OneCare MSN   mpancer@hotmail.com Sign out

**Inbox** New Reply Reply all Forward Delete Junk Move to Options 

**Junk**

**Drafts** attached article

**Sent**

**Deleted (59)**

abrego

badewitz

billock

**carson (2)**

Chaplin

**Cheema (2)**

Colton

goldman

**harvey (1)**

hunsaker

**jellinsky (1)**

keith kelly

krapchan

moscow

**orders (1)**

Pacific La...

paschini

resistance

riek

ruan

Taish

telephone ...

thorne

**tickets (1)**

Manage folders

Add an e-mail account

**Today**

**Mail**

**Contacts**

**Calendar**

US Government May Not Appeal Ruling in UIGEA Online Gambling Decision

A decision by a US Supreme Court Judge to remove criminal liability of banks for failing to stop transactions related to online gambling is not likely to be appealed by the Government, experts believe.

A Judge last week ruled that banks, credit card company and cash processors cannot be held criminally liable as previously stipulated by the Unlawful Internet Gambling Enforcement Act. An independent trade organization, iMEGA.org, challenged the "policy enforcement" aspect of the UIGEA.

The law was originally drafted to prosecute banking institutions and credit card firms. But the banking sector is in complete disarray these days thanks mostly to a housing market crisis and many believe the US Government will back off in terms of an appeal that would be based exclusively on grounds that banks should be held criminally liable for something the industry insists they have no control over.

The banking sector insisted all along that "compliance was virtually impossible".

An 11-page letter drafted by the American Banking Association (ABA) and submitted to the US Treasury in December illustrates this point.

In that letter, it is stated that, among other things, "ABA believes that the proposal, in large part due to the nature of the statute itself, will fail to create a practical process for intercepting prohibited conduct that maintains an efficiently functioning payments system," and goes on to express the fear that "...UIGEA will in the end catch more banks in a compliance trap and do greater damage to the competitiveness of the American payments system, than it will stop gambling enterprises from profiting on illegal wagering."

As iMEGA has insisted all along, such an "unfunded mandate" was viewed as "deputizing" the banking institutions as a means of "policing online gambling" minus the weapons needed in doing so.

The document asserts: "In other words, in the view of the drafters of the legislation, all the sophistication of the FBI, Secret Service, and other police computerized detection systems and investigative expertise devoted to fighting terrorism and financial crime are inadequate to the task of apprehending the unlawful gambling business or confiscating its revenues. ABA believes that punting this obligation to the participants in the U.S. payment system is an unprecedented delegation of governmental responsibility with no prospect of practical success in exchange for all the burden it imposes."

The US Government, when asked to comment on the decision last week, responded that they would not be doing so.

Many in the online gambling community viewed the ruling a "loss by iMEGA" since the judge essentially threw out the matter, claiming they (iMEGA) had no grounds to be challenging the UIGEA on the basis of "privacy infringement".

iMEGA claims they won a bigger battle, however, by having the "criminalization" element removed. They were also granted "standing" by the Superior Court Judge. Hence, the matter was dismissed "without prejudice", clearing the way for appeal. iMEGA has vowed to appeal the decision within the next two months.





----



Christopher Costigan, Gambling911.com Publisher CCostigan@CostiganMedia.com

Have a fast connection and want more features? Try the full version to see message previews in your Inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live™ Home **Hotmail** Spaces OneCare MSN     mpancer@hotmail.com Sign out

**Inbox** New Reply Reply all Forward Delete Junk Move to  Options 

**Junk**

**Drafts**

**Sent**

**Deleted (69)**

abrego

badewitz

billock

carson (2)

Chaplin

**Cheema (2)** TOP STORY (IN FULL)

Colton

goldman EU Probes U.S. Web Gambling Ban

**harvey (1)** A WALL STREET JOURNAL ONLINE NEWS ROUNDUP

hunsaker

**jellinsky (1)** The European Union said it will investigate whether U.S. laws banning Internet gambling violate international trade rules.

keith kelly

krapchan The investigation disclosed Monday could lead to the EU taking action against the U.S. at the World Trade Organization. European companies claim U.S. Justice Department investigations into their activities infringe on world trade rules.

moscow

**orders (1)**

Pacific La... "The U.S. has the right to address legitimate public policy concerns relating to internet gambling, but discrimination against EU companies cannot be part of the policy mix," EU Trade Commissioner Peter Mandelson said in a statement.

paschli

resistance

riek

ruan

Talsh The U.S. has long maintained that Internet gambling, which is permitted in other countries, is illegal. The U.S. passed a law in 2006 designed to prohibit U.S. banks and credit card companies from processing payments for online gambling.

telephone ...

thorne

**tickets (1)**

The WTO has already ruled the U.S.'s crackdown on online gambling in unlawful, favoring the tiny Caribbean nation of Antigua and Barbuda. Antigua argued the U.S. violated a 1995 WTO agreement meant to open up parts of other countries' service sectors. The WTO ruled in December that the U.S. must pay the island nation \$21 million a year for violating trade rules.

Manage folders

Add an e-mail account

Today

Mail --Matthew Dalton contributed to this article.



Contacts Write to the Online Journal's editors at [newseditors@wsj.com](mailto:newseditors@wsj.com)

Calendar

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live Home **Hotmail** Spaces OneCare MSN   mpancer@hotmail.com Sign out

Inbox Junk Drafts Sent Deleted (69) abrego badewitz billock carson (2) Chapin Cheema (2) Colton goldman harvey (1) hunsaker jellinsky (1) keith kelly krapchan moscow orders (1) Pacific La... paschini resistance rieck ruan Talsh telephone ... thorne tickets (1) Manage folders Add an e-mail account Today Mail Contacts Calendar

US Prepares for Web Gambling Hearing  
US authorities have promised a hearing in early April to explore the burden on US financial institutions to comply with the Unlawful Internet Gambling Enforcement Act of 2006.

The Act is intended to deter illegal internet gambling activities, as support for legislation to regulate internet gambling continues to gain momentum.

Congressman George Miller signed up last week as a co-sponsor of the bill introduced by Congressman Barney Frank, chairman of the House Committee on Financial Services.

"The banks have a lot of other things to worry about right now," said Frank, referring to the mortgage crisis and other challenges. "I do not think poker should be one of them."

Hundreds of comments submitted to the US Department of the Treasury and the US Federal Reserve are understood to highlight the ambiguity in the proposed rules to implement the Unlawful Internet Gambling Enforcement Act 2006.

One of the major criticisms is that the rules do not clearly differentiate between legal and illegal internet gambling activities.

Concerns raised by the American Bankers Association and others state that the proposed rules will be a compliance trap and are not likely to stop citizens gambling with foreign-based internet gambling operators.

"This hearing is significant and must address the issues being raised by the financial services sector and others," said Jeffrey Sandman, spokesman for the Safe and Secure Internet Gambling Initiative.

"The proposed Treasury Department regulations are unclear, burdensome and untenable. It becomes clearer each week that the attempt to prohibit internet gambling activity is doomed to fail.

"Rather than waste valuable resources attempting to enforce the Act, the US should instead regulate and tax internet gambling."

The Act would require licensed operators to put in place safeguards to protect consumers, and ensure that the individual placing the bet or wager is physically located in a jurisdiction that permits a particular form of internet gambling.

US states would also have the right to control what, if any, level of internet gambling is permissible within their borders, and could apply additional taxes and restrictions.

A companion piece of legislation that would ensure the collection of taxes on regulated internet gambling activities was introduced earlier this week by Congressman Jim McDermott.


The Internet Gambling Regulation and Tax Enforcement Act of 2008 strengthens provisions in an earlier version of the bill introduced last year.



A recent letter sent by Congressman McDermott to fellow members of Congress stated that, according to a tax revenue analysis prepared by PricewaterhouseCoopers, taxation of internet gambling is expected to generate between \$8.7bn to \$42.8bn in federal revenues over its first 10 years.

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live™ Home **Hotmail** Spaces OneCare MSN  [mpancer@hotmail.com](mailto:mpancer@hotmail.com) Sign out

Inbox New Reply Reply all Forward Delete Junk Move to  Options 

Junk

Drafts

Sent

Deleted (69)

abrego

badewltz

billock

carson (2)

Chaplin

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

keith kelly

krapchan

moscow

orders (1)

Pacific La...

paschlnl

resistance

riek

ruan

Talsh

telephone ...

thorne

tickets (1)

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

The only thing that is interesting is the comment about PayPal and Betfair at the end of the article.

New York Governor and Anti Online Gambling Crusader Eliot Spitzer Tied to Prosecution Ring  
New York Governor Eliot Spitzer has informed his administration he was entangled with a "prostitution ring". The disgraced Governor held a news conference shortly after 2 pm EST Monday.

Spitzer, who is married with three children, made cleaning up the ethics of state government a priority when he was elected.

According to the New York Post, Feds last week busted a diamond-studded international call-girl ring that offered well-heeled johns "fashion models, pageant winners and exquisite students" for up to \$5,500 an hour - after one of the prostitutes turned on her pimp. The Times reported that it was unclear whether this was the ring Spitzer was involved with.

Today's New York Sun reported that prosecutors specializing in government corruption cases were leading the investigation into that prostitution ring. Three of the assistant U.S. attorneys assigned to the case were part of the U.S. attorney's public corruption unit, the Sun reported. The unit investigates possible wrongdoing by government officials.

The johns paid as much as \$50,000 for a weekend with a prostitute and had the option of purchasing a "buy out" of their favorite girls, which allowed them to book trysts directly with the hookers, Manhattan federal prosecutors said.

The Emperors Club, an upscale escort service, ranked its hookers on a seven-diamond scale on its Web site and then charged its wealthy clientele accordingly for "dates," court papers said.

Four people were charged with prostitution and tax crimes for allegedly raking in more than \$1 million with a stable of 50 girls that serviced clients in New York, Washington, LA, San Francisco, Chicago, Miami, Las Vegas, London, Paris and Vienna.

Calling the issue "a private matter," Spitzer said his conduct during the press conference that it "violates my, or any, sense of right and wrong."

"I do not believe that politics in the long run is about individuals; it is about ideas, the public good and doing what is best for the state of New York."

The governor may have been linked to the ring through cell phone records, sources told NewsChannel 4.

His cases as state attorney general included a few criminal prosecutions of prostitution rings and into tourism involving prostitutes.

In 2004, he was part of an investigation of an escort service in New York City that resulted in the arrest of 18 people on charges of promoting

In 2002, Eliot Spitzer was among the first politicians to aggressively go after online gambling payment processors.

Prior to merging with eBay in 2002, PayPal was investigated by Spitzer for processing payments for online gaming companies taking bets from New York citizens. In exchange for Spitzer's office dropping the investigation, PayPal ultimately agreed to pay a US\$200,000 fine and to stop processing online gambling transactions involving consumers in New York

The company stopped processing online gambling transactions altogether (regardless of where the merchants and/or consumers were located) in November 2002 and held this policy until signing the deal with Betfair.

Spitzer was expected to resign shortly.

Filed Under Gambling News

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live™ Home **Hotmail** Spaces OneCare MSN mpancer@hotmail.com Sign out

Inbox Junk ste Junk Move to Options

Drafts  
Sent  
Deleted (69)

abrego  
badewitz  
billock  
carson (2)  
Chapin  
Cheema (2)  
Colton  
goldman  
harvey (1)  
hunsaker  
jellinsky (1)  
kelth kelly  
krpchan  
moscow  
orders (1)  
Pacific La...  
paschni  
resistance  
rick  
ruan  
Taish  
telephone ...  
thorne  
tickets (1)

Manage folders  
Add an e-mail account  
Today  
Mail  
Contacts  
Calendar

Deval Patrick Loses in Bid to Ban Online Gambling for Massachusetts Citizens  
Attempting to follow in the footsteps of Washington State, angry gamblers (led by a powerful poker playing coalition) made it clear that Massachusetts Governor would not be squashing a billion dollar online gambling industry in favor of special interest casino groups based in that state. Patrick proposed legalized gambling in Massachusetts but with the stipulation that all online casinos and poker rooms be banned. Throw in the condition that actual gamblers could ultimately face felony charges much as is the case in Washington State already.

Furious poker players and others led a march this week in protest of the planned legislation.

A card-playing Harvard Law professor and his poker-crazy students were among those who voiced their outrage.

I dont think filling our expensive jail cells with poker players is what Massachusetts voters had in mind when they elected Deval Patrick, Nesson said in a statement.

Gambling911.com had also warned in the past that fans of some of the nation's most bet on sports teams could ultimately be held criminally liable. There would be no more betting on the Patriots, Red Sox and Celtics - at least not by those living in the state.

The provision to outlaw Internet gambling was buried deep in Patrick's bill in an effort to allow three casinos entry to the state. It also put the governor at odds with a fellow Democrat: US Representative Barney Frank, the sponsor of federal legislation to license and regulate online gambling nationally. Frank strongly criticized the governor's plan to punish online gamers while inviting casino operators to set up shop.

"Why is gambling in a casino OK and gambling on the Internet is not?" Frank said. "He's making a big mistake. He's giving opponents an argument against him."

And that he did.

Nearly 6 hours of debate resulted in Deval Patrick losing his bid in a Democratic led House. Representatives voted 106-48 to send the bill to a study committee, effectively defeating the measure and ensuring it won't come back up for debate until next year.

House Speaker Sal DiMasi engineered a pivotal committee vote against the bill. After the vote, he said "big money special interests lost," while the people of Massachusetts won.

Nelson Benton of the Salem News wondered if Patrick was losing his appeal among Democrats in Massachusetts.

Who said a Democratic governor would have more clout with the Legislature?

That was one of the arguments for electing Deval Patrick after 16 years of Republican occupancy of the corner office. Yet it now appears Patrick has no more influence with Speaker Sal DiNasi and the House rank-and-file than did his predecessor, Mitt Romney.

Indeed, had it not been for the two North Shore Republicans Sen. Bruce Tarr of Gloucester and Rep. Brad Hill of Ipswich on the committee that heard testimony on the governor's casino bill this week, the vote to kill it wouldn't even have been close.

Sir Ronald Sanders last year pointed out it is this very protectionist position that caused successive governments of the small Caribbean Island, Antigua and Barbuda, to bring a case against the US to the World Trade Organization (WTO), complaining that in its commitments under the General Agreement on Trade in Services (GATS), the US bound itself to provide market access and national treatment to the cross-border supply of foreign services that come within the category of other recreational services which includes gambling and betting services.

The World Trade Organization rewarded Antigua, claiming that the US Government had engaged in "protectionism" by exempting horse racing and - perhaps to a lesser degree - state lotteries from recently passed legislation banning all other forms of online gambling.


Deval Patrick's attempts would have provided yet another slap in the face for the WTO. Thus far, the US Government has not exactly cooperated with the decision leveled against it.


----

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live™ Home **Hotmail** Spaces OneCare MSN  [mpancer@hotmail.com](#) [Sign out](#)

**Inbox** [New](#) [Back](#) [Back all](#) [Forward](#) [Delete](#) [Junk](#) [Move to](#) [Options](#) 

**Drafts**

**Sent**

**Deleted (69)**

**abrego**

**badewiltz**

**billock**

**carson (2)**

**Chaplin**

**Cheema (2)**

**Colton**

**goldman**

**harvey (1)**

**hunsaker**

**jellinsky (1)**

**keith kelly**

**krapchan**

**moscow**

**orders (1)**

**Pacific La...**

**paschini**

**resistance**

**riek**

**ruan**

**Taish**

**telephone ...**

**thorne**

**tickets (1)**

**Manage folders**

**Add an e-mail account**

**Today**

**Mail**

**Contacts**

**Calendar**

**Major Victory for BetonSports, Kaplan, Carruthers**  
BetonSports founder, Gary Kaplan, and its former CEO, David Carruthers, may be breathing a sigh of relief this evening following a decision handed down by a judge in an unrelated case.

**Both men are being held on charges of money laundering related to their role in what was once the largest North American facing online sports betting operation. (photo shows the once vibrant Mall San Pedro for which BetonSports occupied all nine floors back left of building).**

**The Supreme Court on Monday ruled against the government in two money-laundering cases. One of the two decisions can be applied to both Kaplan and Carruthers case, industry analysts believe. A 5-4 decision, the court said that money laundering refers to profits of an illegal operation, not gross receipts. The court's interpretation is a narrow one opposed by law enforcement agencies.**

**"The Supreme Court ruling today blows away the BOS case," said one analyst, who wished not to be named. "The racketeering count (in the BetonSports case) was based on money laundering of the gross receipts from 2001 thru 2003.. not the profits. That is why the government was asking for 4.5 billion in forfeiture."**

**The landmark decisions follow news of the weekend that the founders of publicly traded PartyGaming have settled with the US Government in an effort to forgive illegal betting made online in the US prior to a 2006 law banning many forms of online gambling including online poker in the States. That law served to punish both betting firm operators and financial institutions while not directly targeting individual gamblers.**

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | [Privacy](#) | [Legal](#) [Help Central](#) | [Account](#) | [Feedback](#)

■ BETCRIS ■ 5DIMES ■ BODOGLIFE ■ BOOKIEMARKET ■ BOOKMAKER.COM ■ RACEBOOK  
■ SPORTSBETTING.COM ■ TIPEX.COM ■ WSEX



**Baseball is Back**



MajorWager Forums > MW - Online Sportsbooks > Mess Hall

**Governments May Be Taking a Different View on Prosecuting Gaming Operators...By H. Henderson**

User Name

☒ Remember Me?

Log In

Register

FAQ

Members List

Calendar

Today's Posts

Search

**Mess Hall** Online Sportsbook Discussion

**POST REPLY**

LinkBack Thread Tools

07-24-2008, 10:19 AM

#1 (permalink)

**Rogthedodger**

Editor-in-Chief, MajorWager.com

Join Date: Dec 2002  
Posts: 5,386

**Governments May Be Taking a Different View on Prosecuting Gaming Operators...By H. Henderson**

When David Carruthers was arrested in 2006 after touching down on American soil, Attorney General for Missouri Catherine Hanaway gleefully unsealed the charges against BetonSports, claiming that the company was guilty of illegal gambling and racketeering. Hanaway suggested that all gambling including horse racing is illegal if conducted online (contrary to what the UIGEA and IHRA state). Hanaway, who has stated she hates all gambling, was instrumental in forcing many gambling sites, including BetonSports, to sell their U.S. facing businesses to other interests, and in fact forced some companies to fold outright. Her strategy, along with others at the DOJ, has been to justify arrests by claiming that online gambling is ripe for terrorist money laundering and fraud.

Upon unsealing the charges Hanaway stated the following:

*This is a very large amount of money flowing on an unregulated basis out of the US. Any time that much money's flowing outside the US, there are concerns about its destination. Under US laws, legitimate large flows of money are required to be subject to suspicious activity reports.*

The head prosecutor in the BetonSports (BoS) case for Missouri was Assistant U.S. Attorney Mike Fagan who had sought arrests against all directors of the company since 2004. Fagan was instrumental in the extradition of Gary Kaplan from the Dominican Republic, and his plea in front of a judge upon Kaplan's return convinced the courts to deny bail to the former BoS director. Fagan was adamant that the BoS crimes were so egregious that he was willing to follow the case to other states to prosecute Kaplan and Carruthers if those cases were moved from Missouri. He wanted to ensure the prosecution didn't fail to act on any level and that all prosecution tactics against BoS were used.

It appears, however, that things may have changed at the beginning of this year. Fagan quit the attorney's office in January, and Steven Holtshouser was appointed as the prosecutor in the case. According to a source very close to the situation, Holtshouser has made it clear he does not think the case against BoS is all that strong and more importantly is a waste of valuable resources. Consequently the source has stated that Holtshouser has indicated he wants the whole case to simply go away. I contacted Steven Holtshouser directly to see if we would affirm or deny the claims, but he simply replied with "no comment." His decision not to deny the claims may speak volumes. To add fuel to the speculation, federal prosecutor Marty Woelfle, who to date refused to accept any plea bargaining on the case, last week asked to withdraw from the case altogether. As many will recall, Woelfle was the attorney in charge of the federal indictment against BetonSports in August of 2006, which was ignored by BoS attorneys. Woelfle was absolutely insistent that BoS directors and all online gambling operators had to be prosecuted to the fullest extent of the law.

So the question that has to be asked is this: What has happened in two years that has convinced the staunchest anti-gambling prosecutors to withdraw their interest from the case? The answer is likely, "nothing." In better words, in two years the federal government has done absolutely nothing to help the prosecutions of online gambling operators. The government rammed through the UIGEA in October of 2006, but the Treasury Dept. has drafted no enforceable regulations. To date no meaningful regulations have been drafted for the UIGEA and it is evident that the banking industry has no plans to write the regulations for the government. Furthermore, two weeks ago a bill was put before Congress that simply asked for a definition of what constitutes "illegal gambling" so the the banks could identify which transactions to be on the lookout for---the bill failed to pass Congress. As well, at the end of 2007 the United States Supreme Court told U.S. Attorneys to stop using money laundering as a catch-all prosecutorial tactic for all crimes, and they dismissed charges against a bookmaker who was charged with money laundering and fraud, stating that the money laundering prosecution was only relevant if money is used in the promotion of an illegal activity. Simply stated, money Laundering cannot be used as a prosecution tactic if the person in question simply uses the banks to pay bettors who win. Money laundering laws were enacted in 1986 to stop the flow of money from serious criminal activities, such as drug running and terrorist activities, yet over 1,000 people a year are being charged with money laundering for all kinds of crime, including operating an online gambling business. This puts prosecutors in a real pickle. If courts won't uphold money laundering charges in these online gambling cases, and if the UIGEA is a paper tiger, then the only crime gambling operators can be charged with is the 1961 wire act, which the government did use to prosecute Jay Cohen at the beginning of the decade. But there is still issue as to whether the wire act is applicable to bets placed on the internet, and more importantly it is almost universally accepted that the wire act does not apply to online casinos and poker games, which constitute the bulk of online betting by Americans. So in better words, while the prosecution can try to arrest a few offshore sportsbook operators, they may have no case if the directors of places like Full Tilt Poker or PokerStars ever stepped foot in the United States.

As well, there can be no question that prosecutors are frustrated by the fact that their prosecutions are doing nothing to stop the activity. The arrest of Jay Cohen has not stopped Americans from playing at World Sports Exchange or other sportsbooks; the arrest warrants issued against the operators of Party Poker and 888 gaming have not stopped Americans from playing at other poker sites, and the threat against Americans used by the extortive tactics employed when the DOJ seized money in transit at NETeller has not stopped Americans from finding other options to transfer money offshore. Sure, getting money in and out is tougher than before, but where there's a will there is always a way. Further, advertising for gambling websites using a .net extension that is ?for informational purposes,? rather than the .com "for money" site, ensures that Americans are aware of all the offshore betting opportunities available to them. Some people also believe that Woelfle's decision to quit the case may be a move to keep her job. If Barak Obama is elected as expected in November, there will almost certainly be a shake up at the DOJ and it is unlikely that those taking over as prosecutors will care enough about the issue to try and prosecute it vigorously. Professor of law and attorney Nelson Rose, who has been a big advocate of the gambling industry, stated the following to me:

*Not only will Obama change the staff and direction of the DOJ, but there will be a new Congress. The bill by Barney Frank and Ron Paul to kill the UIGEA regulations failed by one vote on a straight party line vote. The Republicans' talk about the evils of internet gambling is like something out the 1950s. Yes, children have to be protected and organized crime prosecuted. But most Americans, including many conservative Republicans, don't feel it is the federal government's job to tell adults what they can do in the privacy of their homes when they are not harming anyone else. I believe prosecutors are not anxious to go after internet gaming, which may be made legal next year.*

Furthermore, let's not forget that the WTO issue is still hanging over the government's head. While the U.S. and the E.U. appear to have come to an agreement that gives the E.U.'s blessing to the United States to withdraw its gambling commitments, it appears both sides are having cold feet about the deal. There is a call from many in Congress demanding that the USTR release more details on exactly what they have given up in the negotiations and what the ramifications are, and some right wing groups are furious that the U.S. gave up any concessions at all. And in Europe there is a huge groundswell movement demanding that the E.U. back down from the deal. The RGA is particularly upset about the DOJ arrests of European operators, including David Carruthers, and it appears that Peter Mandelson, the EU commissioner, may agree. "Discrimination against E.U. companies cannot be part of the policy mix," Mandelsson said following the RGA's complaint and months after the E.U. agreed to the concessions with the USTR. One can only assume, therefore, that there may have been an agreement in principal by the USTR to drop charges against EU operators in exchange for the December 2007 agreement of which the U.S. failed to live up to. Plus, Obama or McCain could be faced with inheriting a situation where Antigua is selling DVDs, CDs and computer software for pennies, rousing the ire of companies like Microsoft and the music industry as a whole.

The whole offshore gambling issue is a no-win situation for prosecutors, and nothing frustrates prosecutors more than being given cases that are not winnable. Furthermore, despite the spin being put on the issue by the likes of Hanaway and Spencer Bachus, no one with half a brain seems to be buying that the arrests are necessary to combat terrorist activities. Numerous reports have been published showing it is far easier to launder money at a

land based casino than it is online, yet the government has no intentions of trying to stop land based casinos from operating. As well, the argument is not winning favor with the majority of the voting public. To those who are pro-online gambling, the prosecutions are being met with anger and votes against those who oppose it. It has been widely reported that Jim Leach's loss in the 2006 mid-term elections was predominantly due to an organized campaign to unseat the 30 year governor, orchestrated by many online gambling groups and particularly the Poker Player's Alliance who asked the hundreds of thousands of Ohio online gamblers to vote against him. On the other hand, those who are against online gambling are meeting the whole issue with a yawn. Horse racing is already being offered remotely and it is just accepted by most Americans that sooner or later Harrah's and other gambling entities in the U.S. will be offering other forms of online gambling at some point in the future. The money is just too great not to.

One can only conclude, therefore, that someone high up in the DOJ's office has given the directive not to bother with arrests of offshore operators until the law is clarified, a new government is in place, and it is clear what the prosecutors can charge them with. In the meantime the DOJ will use the threat of prosecution and scare tactics against the public to dissuade offshore gambling but will likely do nothing in terms of seeking further arrests.

07-24-2008  
Hartley Henderson  
MajorWager.com  
[henderson@majorwager.com](mailto:henderson@majorwager.com)

<http://www.majorwager.com/frontline-679.html>

Editor-in-Chief  
MajorWager.com  
E-mail me: [editor@majorwager.com](mailto:editor@majorwager.com)

QUOTE

07-24-2008, 12:47 PM

#2 (permalink)

**drunkguy**  
MW Mod & Writer, Jay Graziani

Join Date: May 2003  
Posts: 7,181  
S V

Quote:

Holtshouser has made it clear he does not think the case against BoS is all that strong and more importantly is a waste of valuable resources.

sounds like a smart man

QUOTE

07-24-2008, 12:56 PM

#3 (permalink)

**stevo**  
Moderator

Join Date: Jul 2002  
Posts: 31,740

You got Obama working on his brackets on his plane in front of reporters. Something tells me we'll be OK.

Treat others like you would like to be treated.

QUOTE

07-24-2008, 10:31 PM

#4 (permalink)

**stevo**  
Moderator

Join Date: Jul 2002  
Posts: 31,740

Windows Live™ Home **Hotmail** Spaces OneCare MSN mpancer@hotmail.com Sign out

Inbox New Reply Reply all Forward Delete Junk Move to Options

Junk

Drafts **comments**

Sent

Deleted (69)

abrego 1)

badewitz

billock

carson (2)

Chapin

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

kelth kelly

krapchan

moscow

orders (1)

Pacific La...

paschini

resistance

riek

ruan

Talsh

telephone ...

thorne

tickets (1)

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

Time to Fold

A trans-Atlantic spat over online gambling may help rewrite the rules of the game for Internet commerce across borders. For a change, the Europeans stand on the side of free trade, while America dabbles in regulatory overreach.

The European Union last month launched an internal probe into whether the U.S. Justice Department selectively enforces its antigambling laws against European online firms that offer wagers on sports events. Brussels is making a narrow legal point that Washington discriminates against Europeans by simultaneously permitting U.S. Internet horse betting. That's against World Trade Organization rules, and the case may end up there.

The U.S. last year lost a similar WTO online gambling case against Antigua and Barbuda. The island nation argued that U.S. online gambling rules violated Washington's GATT commitments to open its market in "recreational, cultural and sporting services." The U.S. countered that its policies were justified to protect public morals and public order, a legitimate exception under WTO rules. But the WTO panel ruled that America wasn't applying its restrictions equally to foreigners and domestic operators. U.S. online horse-betting sites aren't banned.

Washington could have stood down then. Instead, it is "threatening and pressing criminal prosecutions, forfeitures and other enforcement actions against foreign online gaming operators," according to the London-based Remote Gambling Association, which took the complaint to the EU. In doing so, Washington is also practicing a form of universal jurisdiction by applying domestic law to foreigners beyond its borders a legal interpretation that the U.S. has, rightly, condemned in other cases.

In 2006, the former chairman of U.K.-based gambling firm Sportingbet, Peter Dicks, was detained in New York. The Briton was wanted in Louisiana on online gambling charges. Then-New York Governor George Pataki declined to sign a warrant extraditing him, and he was released. Many European industry executives now no longer stop over in the U.S., let alone visit the country, for fear of arrest. "There is a list of wanted people but nobody knows who's on it," said Clive Hawswood of the Remote Gambling Association.

Justice has continued to threaten these companies even though the alleged transgressions are all in the past, the association's complaint says. The sites stopped offering their services to U.S. customers after the U.S. tightened its antigambling laws in 2006. The Unlawful Internet Gambling Enforcement Act requires financial institutions to identify and block gambling-related payments.

As it happens, the U.S. ban on online betting is also impractical. At a Congressional hearing last week, the American Bankers Association explained how difficult it is to identify customers engaged in illegal Internet games. The association's Wayne Abernathy said the law makes banks "police, prosecutors, judges and executing marshals in place of real enforcement officers."

We have our differences with House Financial Services Chairman Barney Frank, but he may have been on to something when he introduced a bill to exempt licensed operators from the ban. Gambling is a vice, and social problems attach themselves to it. By legalizing and regulating the business, however, Washington could more effectively battle such problems as underage gambling and addiction. It would also avoid unnecessary trade tiffs with its leading commercial partners. And it would exempt cyberspace from overaggressive regulators, in America or anywhere else.

EXHIBIT "A"

Windows Live™
Home
Hotmail
Spaces
OneCare
MSN
mpancer@hotmail.com
Sign out

Inbox
Junk
Drafts
Sent
Deleted (69)
abrego
badewitz
billock
carson (2)
Chapin
Cheema (2)
Colton
goldman
harvey (1)
hunsaker
jellinsky (1)
keith kelly
krapchan
moscow
orders (1)
Pacific La...
paschini
resistance
riek
ruan
Taish
telephone ...
thorne
tickets (1)
Manage folders
Add an e-mail account
Today
Mail
Contacts
Calendar

New
Reply
Reply all
Forward
Delete
Junk
Move to
Options

**Fwd: Federal Judge Recommends Kaplan's Tax Evasion, Obstruction Charges Be Dr...**

From: **Fettor@aol.com**  
Sent: **Thu 5/01/08 8:52 AM**  
To: **mpancer@hotmail.com**

@ Federal 3...mht (6.6 KB)

If you're having problems downloading attachments, please sign in again and select "Remember me on this computer".  
Sign in again

Security scan upon download

---

Wednesday, April 30, 2008

**Federal Judge Recommends Kaplan's Tax Evasion, Obstruction Charges Be Dropped**

by Christopher A. Krafcik

Gary S. Kaplan, the jailed founder of BetonSports, notched his first victory in federal court Wednesday as a federal magistrate judge in St. Louis, Mo., recommended the U.S. government drop charges of tax evasion and obstruction.

The judge, Mary Ann Medler of Federal District Court, found that wagers placed by U.S.-based bettors, accepted by BetonSports entities in Antigua and Costa Rica, fall beyond the territorial reach of the U.S. wagering excise tax.

"Therefore," Judge Medler wrote in her recommendation, "there is no liability to impose on defendant Kaplan as owner and operator."

By way of background, federal prosecutors have sought to impose liability on Mr. Kaplan in his capacity as a U.S. citizen heading a foreign corporation.

But Judge Medler recommended that because no liability exists at the corporate level, "no amount of veil piercing" -- a judicial doctrine whereby liability is established -- "can establish liability [on Mr. Kaplan] for such a tax."

With regard to the obstruction charges, Judge Medler recommended that because wagers made with the company's Antiguan and Costa Rican entities were not subject to taxation, Mr. Kaplan had not "corruptly interfered" with the administration of U.S. revenue laws.

Prosecutors have 11 days to file objections to Judge Medler's recommendation, after which District Judge Carol E. Jackson will decide whether to dismiss the charges.

While Judge Jackson could find differently than Judge Medler, the prospect is unlikely.

"You're very seldom going to find the system would be so divided against itself," Martin Owens, a Sacramento, Calif.-based gaming attorney, told Interactive Gaming News. "Ninety-nine times out of 100 you can count on the magistrate's recommendations."

Mr. Kaplan was detained in the Dominican Republic in March 2007, and is awaiting trial in St. Louis.

He still faces charges of racketeering, mail fraud, use of a communications facility to transmit betting information and transportation of gambling paraphernalia across state lines.

No trial date has been set.



Click [here](#) to view Report and Recommendation of United States Magistrate Judge Concerning Gary Kaplan's Motion to Dismiss Counts 14-22.



Click [here](#) to view Report and Recommendation of United States Magistrate Judge Concerning Gary Kaplan's Motion to Dismiss Tax Counts for Lack of Venue.

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live™ Home **Hotmail** Spaces OneCare MSN   mpancer@hotmail.com Sign out

Inbox New Reply Reply all Forward Delete Junk Move to  Options 

Junk

Drafts

Sent

Deleted (69)

abrego

badewitz

billock

carson (2)

Chaplin

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

Jellinsky (1)

keith kelly

krapchan

moscow

orders (1)

Pacific La...

paschini

resistance

rick

ruan

Talsh

telephone ...

thorne

tickets (1)

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

Online Gambling Operators Permitted Back in the US

Gambling911.com has learned from its sources out of Washington that online gambling operators are being permitted to travel back to the United States with "immunity" under certain conditions. It was unclear Friday whether this only applied to specific firms. Gambling911 was in the process of obtaining the "welcome back" list.

The news comes in conjunction with reports that PartyGaming stocks have risen well over 10 percent Friday on news of settlement talks with the US Government. This was the biggest rise in Party's shares since August.

As previously reported on Gambling911.com over the past few weeks, the US Government and PartyGaming executives were said to be "very close" to settling in regard to their online poker operation accepting customers from the United States.

An agreement would eliminate the possibility of U.S. authorities taking retrospective action against the company in relation to its activities in the United States prior to legislation being passed in October 2006 which effectively outlawed the industry.

"I'm led to believe that they may have come to an agreement in the U.S. It means they would have no more outstanding issues with the authorities which would put them in the position where they could be bid for," said one London trader.

Details of a potential settlement agreement emerged last month with stipulations that included successive jail time and steep fines.

"They (the principals in PartyGaming) will not reach an agreement if jail time is part of the condition," a source told Gambling911.

Shareholders have been in constant contact with G911, suggesting that the abrupt departure of former CEO Mitch Garber could signal some type of "settlement".

"We believe his (Garber's) sudden departure has strong implications," one shareholder stated.

Meanwhile, rival Sportingbet's shares hit a 52-week low following the arrests of two middle managers in Turkey on Thursday related to that country's Internet gambling laws.

The middle-management staff, who Sportingbet declined to name, are Turkish nationals. They were in Turkey on holiday and were detained by police in Istanbul in a raid which is believed to have led to about 30 people being detained. The pair were not together when detained.

Sportingbet said the detentions "related to Superbahis", its Turkish facing business, and was "aware that individuals related to Maslin Properties Ltd, the group's ex-marketing partner in the region" had also been held. It said it had "received no formal clarification of events from the Turkish authorities".

Sportingbet's chief executive Andrew McIver said the group's interpretation of the new laws was that it could continue taking bets as long as it had no assets or operations in Turkey. The group's computer processing is in Guernsey and customer support in Dublin.


"Turkish law seeks to make it illegal to be based anywhere in the world. Our interpretation is that Turkish law ends at the Turkish border," Mr McIver said.


-----

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live™ Home **Hotmail** Spaces OneCare MSN  mpancer@hotmail.com Sign out

Inbox New Reply Reply all Forward Delete Junk Move to Options 

Junk

Drafts

Sent

Deleted (69)

abrego

badewitz

billock

carson (2)

Chapin

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

keith kelly

krapchan

moscow

orders (1)

Pacific La...

paschlnl

resistance

riek

ruan

Talsh

telephone ...

thorne

tickets (1)

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

Online Gambling Bets Big on PartyGaming Billion Dollar Settlement

As Gambling911.com has been reporting over the past few weeks, online gambling firm PartyGaming was close to settlement and details of that settlement with the US Government were finally disclosed Saturday evening.

A \$1 billion bet is said to be on the table for the Department of Justice to forgive the past crimes of an online gambling company, opening the door to a new Internet gold rush, according to the New York Post.

Rumors swirled yesterday on two continents that an unprecedented settlement was in the works between the Department of Justice and one of the world's leading online-gaming empires, PartyGaming Plc, to forgive illegal betting made online in the US prior to a 2006 law banning it here.

Shares of the London-listed company shot up 10 percent, as did stocks in other online betting companies in Europe and elsewhere. Such firms are outlawed here.

Industry sources close to PartyGaming told the Post that the rumored settlement would cost around \$1 billion, money that could most certainly be used towards healing a US economy doomed for recession.

"If there's a settlement it will involve a huge number," said one industry source familiar with the settlement effort.

Gambling911.com sources have already disclosed that Party execs are now free to enter the United States without fear of prosecution. It was unclear at press time whether Mitch Garber, former CEO of Party would enjoy the same type of arrangement. Party employees have already been traveling to the US in recent days, flight records indicate.

"Does this mean I can buy a ticket to the US?" asked one ecstatic online gambling operator.

Not so fast. The settlement and travel arrangements appear to be linked only to PartyGaming and its management team. However, many believe the flood gates could be wide open in the future.

PartyGaming's husband-and-wife founders, Russ and Ruth Perisol, earned a \$7 billion windfall when they took their company public in London, and could be bankrolling part of the settlement to avoid shareholder backlash. The two, who are native Californians with a long history in the online gambling sector, have been permitted to enter the United States once again after years spent in Gibraltar.

One online-gaming authority, Joseph Kelly, a law professor at State University of New York-Buffalo, told the New York Post a settlement was good, opening up more possibilities for mergers and other ventures.

"Their executives can also stop looking over their shoulders when they come to the US," Kelly said.

He added: "They may be paying a huge fine to get this behind them, but it won't get them any closer to online betting here anytime soon."








Analysts said a U.S. settlement may act as a trigger for mergers and acquisitions across the

industry.

Have a fast connection and want more features? Try the full version to see message previews in your Inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live™ Home **Hotmail** Spaces OneCare MSN                                                                                                                                                                                                                                                                                                                                                                               

mpancer@hotmail.com Sign out

New Reply Reply all Forward Delete Junk Move to Options

Fwd: FW: Breaking News: U.S. Justice Dept. in \$9.1 Million Deal with Citadel ...

Deleted (69)

abrego

badewitz

billock

carson (2)

Chapin

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

keith kelly

krapchan

moscow

orders (1)

Pacific La...

paschini

resistance

riek

ruan

Taish

telephone ...

thorne

tickets (1)

Manage folders


Add an e-mail account

Today

Mail

Contacts

Calendar

Security scan upon download 

Get trade secrets for amazing burgers. [Watch "Cooking with Tyler Florence" on AOL Food.](#)

by Emily D. Swoboda

ESI Entertainment Systems Inc., the parent company of money transfer provider Citadel Commerce Corp., has agreed to pay the United States government more than \$9.1 million to avoid prosecution for processing online gambling transactions in the United States.

Michael J. Garcia, the United States Attorney for the Southern District of New York, announced Thursday that ESI admitted wrongdoing with its participation in a conspiracy to conduct illegal Internet gambling.

Under the agreement, prosecution will be deferred for 18 months if specified conditions are met. Among other conditions, ESI is not allowed to participate in processing online gambling transactions with customers in the United States.

Between May 2002 to January 2007, Citadel processed online gambling payments in the United States for several companies, including CryptoLogic Ltd. and Microgaming Software Systems Ltd.

The two founders of Neteller, a British online money transfer business, were arrested in the United States in January 2007 on charges of conspiracy and money laundering in connection with illegal gambling.

ESI becomes the third payment processing company to agree to a deferred prosecution since the Unlawful Internet Gambling Enforcement Act took effect in October 2006. The act aims at blocking payments to illegal Internet gambling sites.


Neteller agreed in July 2007 to forfeit \$136 million.


Electronic Clearing House Inc., based in California, entered a non-prosecution agreement with the government in March 2007 worth \$2.3 million.

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live Home **Hotmail** Spaces OneCare MSN  [mpancer@hotmail.com](mailto:mpancer@hotmail.com) Sign out

Inbox New Reply Reply all Forward Delete Junk Move to Options 

Junk

Drafts see article

Sent

Deleted (69)

abrego

badewitz

billock

carson (2)

Chapin

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

keith kelly

krapchan

moscow

orders (1)

Pacific La...

paschini

resistance

riek

ruan

Talsh

telephone ...

thorne

tickets (1)

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

Internet Gambling Ban Stung by European Bookies

European Union officials will interview members of the Bush administration next month in advance of a potential trade challenge to the U.S. ban on Internet gambling.

The Remove Gambling Association (RGA) complains that a 2006 U.S. law placing new restrictions on Internet gambling has cost its members hundreds of millions of dollars in lost stock value.

The law made it illegal for banks to make payments to online gambling sites, which led companies that had been offering services to retreat from the valuable U.S. market. It also caused their stocks to plummet.

For example, the Gibraltar-based Internet gambling company Partygaming, which includes the popular partypoker.com website, had a market capitalization value of \$10 billion in January 2006. It dropped to \$2.4 billion after the new U.S. law was implemented, according to RGA Chief Executive Clive Hawkswood. Using today's conversion rate, that would amount to about a \$7.6 billion reduction in stock value.

"For the publicly listed companies, the immediate effect [of the law] was to wipe hundreds of millions of dollars off their share values," Hawkswood said in an e-mail to The Hill. Almost all of the losses were the result of the suddenly closed U.S. market, he acknowledged, but Hawkswood also says his members have been harmed by the ongoing threat of enforcement actions by the U.S. Department of Justice (DoJ).

For example, David Carruthers, the former head of BetonSports, has been under house arrest in St. Louis since being detained while traveling through the U.S.

"There's this fear. People do get arrested," said Joseph Kelly, a professor of business law at the State University of New York at Buffalo.

The RGA thinks it is unfair for DoJ to go after its members for any services they offered in the U.S. before the 2006 Unlawful Internet Gambling Enforcement Act was signed into law by President Bush. They argue it was not clear that offering online betting services in the U.S. was illegal before the 2006 law was approved, as evidenced by the fact that several companies offered such services there.

The U.S. government has argued that it was always illegal to gamble over the Internet, and that the 2006 law was only an enforcement measure to prevent financial institutions from making payments.

Kelly said foreign Internet gambling firms have been in talks with Justice over settlements. Any firm would have an interest in reaching an agreement that would allow executives access to the U.S., he said, and if Internet gambling is every authorized, it would be good not to have a dark cloud hanging over them.

A recent report in the New York Post suggested a deal might be in the works between Partygaming and DoJ, which did not respond to requests for comment on this story. Cliveswood described the story as premature at best, and predicted it would not affect the EU investigation.

As part of its investigation, the European Commission, the EU's executive arm, has sent questionnaires to several House and Senate committees and U.S. agencies seeking information on the 2006 law.

Answers to the questionnaires, and the interviews of U.S. officials, could be precursors to an actual World Trade Organization (WTO) challenge, although some have speculated that the effort is only intended to pressure DoJ to back off its enforcement actions. The U.S. trade official

emphasized that the EU effort is only an investigation.

Hawkswood said he believed the EU would find enough evidence to bring a case, but also suggested it might prefer not to take that route.

"We would be very surprised if they did not conclude that there was still a case to answer," said Hawkswood, who added it would be the EU's preference to reach a negotiated settlement.

American sporting leagues, such as the NFL, supported the 2006 law, but banks were not happy about it. They say the law is difficult to implement since the U.S. allows people to place bets over the Internet on horse races. Given this fact, the RGA argues its members are suffering from selective enforcement by DoJ.

"The fact that DoJ continues to threaten enforcement action against EU companies while apparently taking no action against U.S. companies, such as those offering horserace betting, is an additional concern because the EU has identified that as discriminatory action which constitutes an unfair trade barrier," Hawkswood said.

However, it may be difficult for the EU to bring a complaint against the U.S. because of a separate deal it made in December that essentially allows the U.S. to treat foreign gambling firms differently than U.S. businesses.

In a case brought by Antigua, the WTO ruled that the U.S. did not exclude Internet gambling from its services commitments when it joined the trade body. As a result, the WTO ruled the U.S. could not prohibit firms from Antigua and other members from offering such services in the U.S.


In response, the U.S. withdrew that commitment so that it would not have to allow firms from Antigua or anywhere else to offer gambling services. Such a withdrawal is allowed under WTO rules as long as other concessions are offered to make up for the loss of the withdrawn commitment.


The U.S. and the EU reached an agreement on these concessions late last year, and a U.S. trade official said the EU has assured the U.S. that the EU continues to accept that deal and sees the investigation as having no bearing on the concession package.

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live Home **Hotmail** Spaces OneCare MSN  mpancer@hotmail.com Sign out

Inbox New Reply Reply all Forward Delete Junk Move to Options 

Junk

Drafts Please read

Sent

Deleted (69)

abrego

badewitz

billock

carson (2)

Chaplin

Cheema (2)

Colton

goldman

harvey (1)

hunsaker

jellinsky (1)

keith kelly

krapchan

moscow

orders (1)

Pacific La...

paschini

resistance

riek

ruan

Talsh

telephone ...

thorne

tickets (1)

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

HR 6663 Not Welcome by Online Gambling Community  
Submitted by C Costigan on Mon, 08/04/2008 ~ 00:00.

HR 6663 is an attempt to clarify the Unlawful Internet Gaming Enforcement Act by attempting to clarify the vague language of the UIGEA. Its sole purpose appears to take aim at the sports betting sector.

Congressman Pete Sessions, a Republican from Texas, introduced HR 6663 this past week without much fanfare.

"No provision of this Act, or any amendment made by this Act, shall be construed as clarifying or implying that Internet bets or wagers, other than sports bets or wagers, which were accepted subsequent to October 13, 2006, are in violation of Federal law."

Needless-to-say, the sports betting community will not be supporting HR 6663 any time soon, nor will the Poker Players Alliance according to a report filed by PocketFives.com

PPA Chairman Alfonse D'Amato commented in a press release, "While we agree with several findings in the bill that correctly identify the illegality of sports wagering, the PPA remains concerned with the implication H.R. 6663 asserts in that the Unlawful Internet Gambling Enforcement Act (UIGEA) has made Internet poker an unlawful activity that needs special protection from prosecution." Executive Director John Pappas characterized the PPA's stance as "not explicitly endorsing" HR 6663.

The sports betting community - with its base primarily in Costa Rica - has been fighting in the courts - not in Congress - through their overwhelming (and some would say quiet) support of iMEGA.org (see website here) iMEGA is looking to have the UIGEA deemed "unconstitutional" and is following a similar game plan to that of the porno industry, which has successfully taken on Government "intrusion" in recent years.



Joe Brennan, Jr., founder of iMEGA.org, was not immediately available for comment at press time late Sunday night.



-----

Have a fast connection and want more features? Try the full version to see message previews in your inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Windows Live™ Home **Hotmail** Spaces OneCare MSN   [mpancer@hotmail.com](mailto:mpancer@hotmail.com) Sign out

**Inbox** New Reply Reply all Forward Delete Junk Move to  Options 

**Junk**

**Drafts** FYI,

**Sent**

**Deleted (69)**

abrego

badewitz

billock

**carson (2)**

Chapin

**Cheema (2)**

Colton

goldman

**harvey (1)**

hunsaker

**jellinsky (1)**

keith kelly

krapchan

moscow

**orders (1)**

Pacific La...

paschini

resistance

riek

ruan

Taish

telephone ...

thorne

**tickets (1)**

Manage folders

Add an e-mail account

Today

Mail

Contacts

Calendar

Have a fast connection and want more features? Try the full version to see message previews in your Inbox. (It's free, too.)

© 2008 Microsoft | Privacy | Legal

Help Central | Account | Feedback

Robert Waters <rjw@mainstreetlaw.net> 09/17/08 12:29PM

Print Cancel

- > Hunter Biden, the son of Democratic Vice Presidential running mate, Joe
- > Biden, has agreed to quit his lobbying business. The decision was a
- > response to Obama's desire to distance itself from Washington's
- > influence business.
- >
- > Among the firms he lobbied for - PartyGaming out of Gibraltar, once the
- > largest online poker room that was forced out of the US market in
- > October 2006.
- >
- > In June, Biden agreed to work for a wealthy American who founded a large
- > online gambling company from Gibraltar. According to the disclosure
- > forms, Hunter Biden was charged with lobbying House lawmakers on behalf
- > of a law firm that represents online gambling magnate Russ DeLeon.
- > Listed as one of Forbes' richest Americans, DeLeon was an original
- > founder of the popular online gambling company PartyGaming.com. DeLeon
- > is also the husband of co-founder, Ruth Parasol, another billionaire.
- >
- > Democrats, led by Congressman Barney Frank, have been working to have
- > legislation prohibiting online gambling repealed. Frank introduced a
- > bill on Tuesday that would require federal agencies to define unlawful
- > Internet gambling so banks and other financial institutions can comply
- > with the ban against online wagers.
- >
- > In any event, the online gambling sector now has a better idea of which
- > candidate is more likely to be on their side.

Robert Waters <rjw@mainstreetlaw.net> 09/17/08 12:28PM

Print Cancel

- >
- > The latest incarnation of a bill to effectively abolish an online
- > gambling prohibition measure, was being voted on Tuesday. Its chances of
- > becoming law this year are close to zero but nobody will fault
- > Congressman Barney Frank for his tireless efforts.
- >
- > A House panel is scheduled to vote on the new bill that would require
- > federal agencies to define unlawful Internet gambling so banks and other
- > financial institutions can comply with the ban against online wagers.
- > The banks contend that the language within the Unlawful Internet Gaming
- > Enforcement Act (UIGEA) is too vague especially since some online
- > gambling venues such as horse racing have been exempt.
- >
- > Just introduced late Thursday, the bill calls for the Department of
- > Treasury and the Federal Reserve to consult the U.S. attorney general's
- > office in creating a formal process to make the definition.
- >
- > Many online gambling operators, especially sports book owners, have
- > expressed reservations about any such bill, contending that their
- > activities will be singled out as "illegal".
- >
- > The bill is the latest move by Rep. Barney Frank, D-Mass., the chairman
- > of the House Financial Services Committee, to clear up confusion about
- > how to enforce the ban since President Bush signed it into law in
- > October 2006.